Full Out For Textiles (Page 11)

THE FINANCIAL POST

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The Nation's Business

Strengthening Defense Personnel

Appointment of Major-General H. D. G. Crerar as Chief of General Staff suggests that the long-expected shake-up among high-ranking officials of the Department of National Defense is at last imminent.

General Crerar saw service in the last war as an artillery officer. He has the great advantage of having seen overseas service in the present war as Senior Combatant Officer at Canadian military headquarters under General McNaughton. He should be qualified to bring about much-needed modernization and overhauling of our present defense machinery and programme.

Following this appointment, further changes in personnel of far-reaching importance to Canadian military authority are expected. Such changes are long overdue.

It has been a common observation that appalling incompetence existed in the personnel and administrative machinery of the Canadian military machine. Causes for this are not hard to find. What has become a matter of increasing concern has been the slowness with which the country's defense mechanism was being overhauled.

* * *

The new personnel will be judged by one thing—results.

At the moment, there is widespread doubt and misapprehension about Canada's defense programme. Despite much talk about mobilization of manpower, raising of militia units and the like, little seems to have been done that is speedy, concrete and productive of results.

General Crerar will probably not be heard of very much in the public prints. His job will be to plan and develop sound, effective strategy for the defense of the realm.

But the effectiveness of his work as Chief of General Staff should quickly become apparent in every military district if he takes needed steps to weed out incompetent or unsuitable personnel.

* * *

Jobless Insurance Act Needs Closest Scrutiny

A select parliamentary committee is already at work on the new unemployment insurance bill.

It may be assumed that the Prime Minister is determined to drive the bill through at the present session, no matter what opinion is presented to the contrary.

What will happen in the Senate is not yet apparent.

So far Rt. Hon. Arthur Meighen has been almost alone in voicing vigorous opposition to passage of this bill at this time. He may be counted on to do his best to ensure that the measure be given thorough examination and overhauling by honorable senators.

The Government's determination to push this measure through may cause some groups to "pull their punches" in expressing views critical of the act. Such a course would be flabby and short-sighted. It might permit grave and costly errors to be perpetrated in the name of social reform.

Only a few weeks ago important representations were made to Ottawa by some 30 or 40 national organizations in respect of this Act.

These representations should be vigorously pressed home and expanded now that the Act has finally appeared.

* * *

That there is need for careful, critical analysis of the bill is already indicated by the events of the past few days. For example, when the bill was introduced in Parliament last week, it was announced that contributions from workers would amount to $28 millions annually. A similar amount was named as the sum to be paid by industry. Total combined cost was placed at $72.5 millions.

This week the labor department expert, Gerald Brown, revised these estimates. He lopped $8 millions off the contributions of industry and labor. He placed the total annual cost at less than $64 millions compared with the earlier figure of $72 millions.

This $8 millions difference may not be significant in itself. But it does suggest the need for more careful study and knowledge of the Act, not only by the Government but by those who will be called on to pay the contributions. It also raises doubts as to the accuracy of other premises and calculations on which this vast financial bureaucracy is founded.

* * *

Of the utmost importance, also, is the actuarial basis on which the Act is built.

Conditions have changed enormously since the original Act of 1935 was drafted. At that time an unemployment insurance measure would have covered a relatively stable

(Continued on page 2, col. 3)

Rail Gains Depending On Wheat

Continued Advance in Revenue Depends on Success in Marketing Crop

From Our Own Correspondent

MONTREAL.—Wheat is the imponderable for the railway executives. How big will the wheat crop be? How much will be marketed? What will be the movement this fall? How much will stay on the farms?

Upon the answers depends the showing which the Canadian National and Canadian Pacific railways will make this year.

To date railway earnings have been substantially ahead of last year. If the wheat crop were to be normal, both as regards size and marketing, it would be possible to say at this juncture that the railways would be in for one of the best years in more than a decade.

Maybe Light Movement

Unless there is some favorable development, unforeseen at this stage, the railways are not likely to be able to maintain the past rate of increase in earnings, especially during the fall months.

The wheat traffic for this year promises to be on the light side, not because of a short crop, but because of other factors. In the first place there is an oversupply of wheat and, secondly, the markets have dwindled because of war conditions until there is only one major outlet in sight—the United Kingdom.

Big Gains To Date

In the first six months of this year the Canadian National Railways System reported gross operating income at $113.7 millions. This is one of the highest first half-year returns in many years and represents an advance of 29.65% over 1939.

Net operating income on the System to the end of last month was $16.2 millions, as against a deficit of $505,417 for the same period in 1939, an overall improvement of $16.7 millions.

C.P.R. Does Well

The Canadian Pacific Railway figures for the first half of the year will not be available until next week. To the end of May, however, gross operating revenue at $61.2 millions was 18.93% over that for the same period in 1939.

Gross revenue of the C.P.R. in June was $14.2 millions, an increase of 37.07% over the like month last year.

This improvement in operating revenues of both railways has continued into July. For the first week the Canadian National had a gross income of $3,232,000 or 37.24% more than in the same week a year ago, while the Canadian Pacific had $4,725,996, a gain of 45.46%.

Depends on Wheat

This increased volume of traffic and, in turn, operating revenue could be expected to continue throughout the balance of the year in view of the increasing war effort on the part of the Dominion, were it not for grain.

The bread and butter of the railway business, however, is in the movement of the grain crop. The improvement in industrial and other loadings, which may be expected in

(Continued on page 2, col. 4)

Cockshutt's Sales Gain By 65%

Better Farm and Export Business Raises Half Year Returns — Prospects Are Good

A 65% increase in sales was shown by Cockshutt Plow Co. for the first six months of the current fiscal year ending Nov. 30, compared with the same period of 1938-9, C. Gordon Cockshutt, president, advises The Financial Post. The increase is attributed directly to the increased purchasing power of the Canadian farmer and to the anticipation of requirements in the export markets.

Net profit of $57,175 in year ended Nov. 30, last, was the second highest since 1930.

Prospects for the company are regarded as good, in view of the promise of a large crop in western Canada, and so far the company's export business has held up well in comparison with last year. On the other hand, Mr. Cockshutt points out, the greater part of the company's business is done during the summer and fall months.

With the uncertainties of the war, it is difficult to forecast the future trend of business, and this is further complicated until such time as the Government announces its policy regarding a guaranteed price for the new crop, and until there is further light on storage facilities and export markets.

If Britain's blockade of Europe is to be an effective weapon, adds Mr. Cockshutt, agriculturalists as well as companies in the farm implement industry may have to face a temporary setback.

As a result of the 10% exchange tax on imports from the United States, the company has found it necessary to increase prices, but only on tractors.

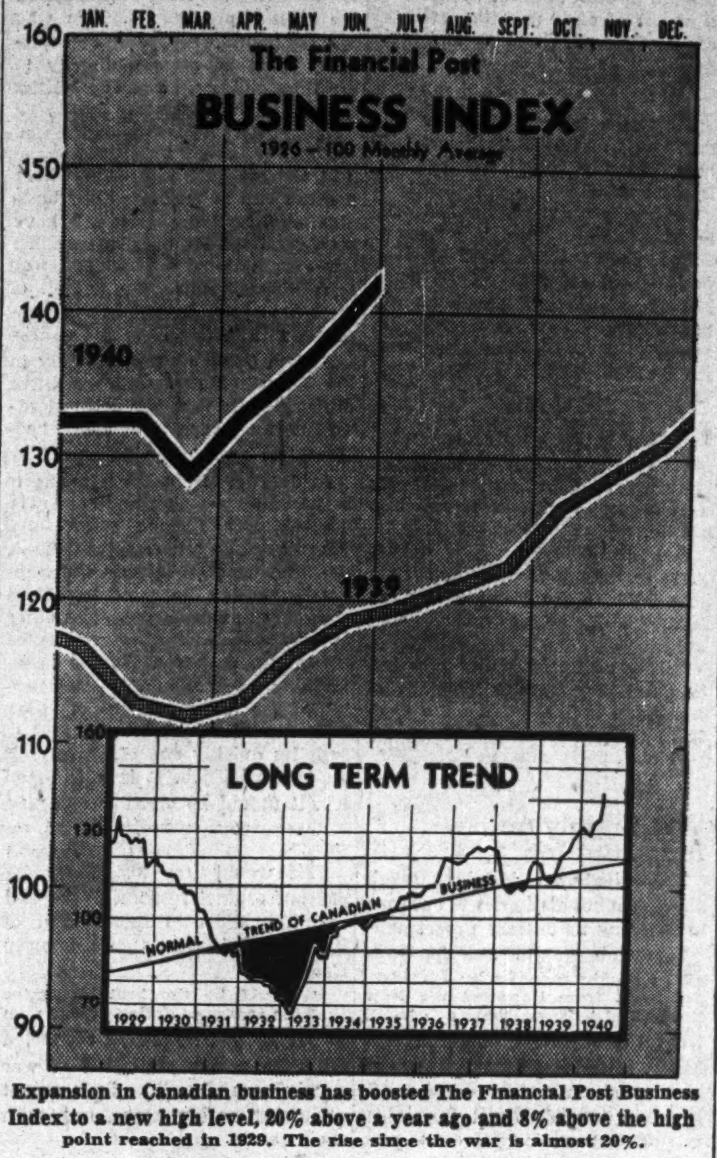
According to Financial Post estimates, this company would be subject to taxation of about $23,000 on the basis of new corporation taxes and 1939 earnings, compared with actual income tax of $13,250 paid in year ended Nov. 30, last. On the basis of last year's earnings, the company would be subject to the 32% corporation tax on consolidated returns and would avoid the 75% on excess profits. On the basis of the new taxes and 1939 earnings, earnings on the common stock would be equal to 16 cents per share, compared with 19 cents after actual taxes last year.

Coming In The Post

The Government is going into business—organizing its own industrial companies to overcome some of the difficulties which have arisen in supplying war needs.

What are the implications of the system? Where does private industry fit into the picture?

The Post will shortly present an outline of the projects—the biggest of all big businesses in the Dominion today.



Expansion in Canadian business has boosted The Financial Post Business Index to a new high level, 20% above a year ago and 8% above the high point reached in 1929. The rise since the war is almost 20%.

War Orders Narrow Margin of Capacity

The flow of war orders in Canada, especially for munitions and armaments, approaches the torrential.

Some $200 millions more of armament business for Canada is expected to materialize in forthcoming weeks, as Britain and Canada prepare for a conclusive struggle with the enemy.

Announcement early this week of construction of 12 new munitions and explosives plants costing $19 millions brings the total war orders placed in Canada to date to around $400 millions.

Problems in the munitions programme, however, include limited supply of machine tools and suitable labor. Actual production on orders now being given is in many cases at least a year away.

Five Main Aspects

There are five important points in the war business situation today.

1. For the first time since the outbreak of war 10 months ago, Britain is now going after all available supplies of war materials. There is no longer any disposition to save money; to keep the business for her own industry; to trust in the adequacy of the volume of supply from her own industrial sources. Britain's preparations today are all out, not regulated by plans to build up to full strength in 1941 or 1942.

2. Britain now realizes the peril

(Continued on page 2, col. 3)

Business Protests Rushing Of Jobless Insurance Bill

Spokesmen for Finance and Industry Demand Time for Proper Appraisal and to Change Plan Proposed

OTTAWA.—Representatives of business, industrial and financial interests are pressing the Government to postpone enactment of the Unemployment Insurance bill now before a Parliamentary committee. They are requesting more time to study the bill as well as protesting its enactment in wartime.

Labor, on the other hand, is behind the bill, suggesting a few changes. Chief one is that the top wage limit be raised to $2,500 from $2,000.

The Canadian Manufacturers' Association, through W. C. Coulter, chairman of its industrial relations committee, pointed out there were two systems of providing protection against unemployment. These he outlined as:

1. Collective or so-called mutual insurance schemes under which all contributions are paid into a common pool to be paid out to those who become unemployed.

2. Savings schemes under which all contributions in respect of an employee are earmarked for that employee.

Different Conditions

The Association, in view of Canadian conditions, thought the savings scheme much to be preferred to the pool or British system. Differences between Canadian and British conditions, leading the Association to take this view, were stated as follows:

1. Canada, due to climatic conditions, has a far greater degree of seasonal employment.

2. While labor conditions in Britain are markedly static—for example, in the coal industry, the same families work generation after generation—labor in an industrially expanded country like Canada is by comparison highly fluid.

3. The fact that the distances are so great and that the centres of employment are widely scattered tends seriously to increase both the difficulty and the cost of administration as compared with a small country with a dense industrial population.

Vary Contributions

The Association submitted a brief stating that there should be some differentiation in the rate of contribution between different industries, on the basis of the risk of unemployment as shown by experience. Unless this principle is followed it will mean that contributions paid in by industries in which employment is comparatively steady will go to provide benefits for the unemployed in other industries where employment is intermittent.

It also stated that in industries where employment is relatively steady, wage levels are usually lower than in those where employment is not steady, the higher wages paid in the latter being paid for the purpose of helping the worker to tide over his periods of unemployment. Thus the low wage, steadily employed worker is by the present bill required to pay out of his low wages contributions to provide benefits for the others.

Diversion of Resources

Norman J. Dawes, speaking for the Canadian Chamber of Commerce, told the committee the present bill envisages "the diversion of considerable administrative manpower and money from the war effort, for what we hold is not an essential measure at this time." He agreed with the C.M.A. that if some other proposals, such as compulsory war savings or individual company assistance programmes could be elaborated and implemented to serve the same purpose, they should be considered.

R. P. Jellett, vice-president and general manager of the Royal Trust Co., associated with Mr. Dawes in representing the Chamber of Commerce, stated that deep concern was felt over the constant increase in the already heavy burden of taxation. He pointed to the many deductions

(Continued on page 2, col. 6)

Canada Bread Profits Down

Prices of Ingredients Advanced Without Increase in Bread Price

Annual report of Canada Bread Co. for year ended June 30, last, slated to be out next week, is likely to show lower net profit than in the previous year, The Financial Post learns. Net profit for year ended June 30, 1939, was $396,370, equal to 73 cents per share on the common stock.

Sales are understood to have been maintained at a satisfactory level, but prices of materials have advanced substantially without any increase in the price of bread. The margin of one-half cent profit on each loaf of bread as shown in the 1938-39 fiscal year likely has been reduced. The company also is subject to higher corporation taxes.

Only increase in bread was in Hamilton, where wholesale rates were adjusted upward to bring the city into line with the rest of the province.

Flour Costs More

There has been a pronounced increase in price of flour since the outbreak of war, and current price of $4.50 per bbl. for No. 1 patent is up $1.30 per bbl. from a year ago. The price has been substantially higher ever since last September. There also have been advances in the cost of salt, sugar and shortening.

On the basis of earnings for year ended June 30, 1939, the company would be subject to the excess profits tax of 75% on all profits in excess of the average for the four years ended in 1939.

The Financial Post estimates show that taxes on the new basis and on 1938-39 profits would be doubled from $115,000 to about $230,000. This would leave earnings on the B preferred stock at $8.74 per share, compared with $13.35 after actual taxes for the 1938-39 year, before taking participating feature into consideration.

Retain 70 Cent Price for Wheat

Decision to hold the guaranteed price for western wheat at 70 cents a bushel, for No. 1 Northern at Fort William, was reached by Government this week. In effect, for the crop year ending July 31, the price is thus extended to cover the coming season. Report of the decision was received by The Financial Post shortly before this issue went to press.

Highlights OF THIS ISSUE

The textile industry is busier now than for many years as war brings a real test of the productive capacities of many concerns. An exhaustive, up-to-date survey of the industry will be found in

Annual Textile Supplement—p. 11-17.

* * *

Base metals producers are now stepping up production by treatment of a higher grade of ore and through general increases in capacity. Companies now taking steps to realize a still higher output are spotlighted by a staff writer.

Base Metal Mines—p. 19.

* * *

Unemployment insurance may affect business of insurance companies in various types of group insurance. The situation is canvassed in

Obstacle to Group—p. 20.

* * *

Newsprint securities have remained static while revenues of newsprint companies have been rising substantially. The unusual market situation is covered in

Income Up—p. 5.

Tourist Trade Helps Dollar

Recent strength in the Canadian dollar on the free market at New York, which has brought the discount down to about 11% from 20% a few weeks ago, is attributed to the demand from tourists coming to Canada.

While the tourist trade itself so far has not been up to expectations it has been sufficient to absorb the greater part of the Canadian money offered through channels other than the Foreign Exchange Control Board.

It is believed the supply of Canadian dollars on the free market is steadily shrinking. Most of it is derived from liquidation of Canadian investments of United States residents.

The War And Business . . *A Weekly Round-up*

Within the next month Canada has to face a problem second only in magnitude—and likely in expense—to the war itself: What to do about the gigantic farm surpluses? How to save the farm population from impoverishment?

The vast market of Continental Europe, where an important part of Canada's crops were usually sold, has been shut off by war and the effect on farm purchasing power is pregnant with significance for Canadian business generally.

Officially, the Canadian crop year ends July 31. By that time the marketing of last year's crop is supposed to be over; the marketing of the new to have begun.

This year the date marks a point more hypothetical than ever. About 275 million bushels of last year's wheat crop are still to be sold and this carryover is using up about 60% of our total storage capacity. In a few weeks the new crop—which may run around 400 million bushels—will start to flow in.

* * *

Serious For Business

Implications of the problem are of the utmost gravity for business. Though business indicators are soaring, it must be remembered that activity generally will probably be spotty, with business dependent on the farm market slowing down the average pace.

Serious for every taxpayer is the problem of what the Government can or will do about the vast surpluses. Guaranteeing a fixed price for wheat can run away with a couple of hundred million dollars as fast as a battery can shoot off shells.

The nation's financial sinews are well stretched already by the necessities of war. The fear is arising in some circles that guaranteeing the farmer a minimum wheat price may upset the carefully planned financial policy completely, probably start the inflation balloon on its way skyward.

* * *

On the Tightrope

United States is finding it more and more difficult to maintain her position of non-belligerency. Dreadfully conscious of her unpreparedness her worst fear is that Hitler & Co. will force her hand too soon.

The U. S. announcement of readiness to occupy any European possession in the western hemisphere threatened with transfer from one power to another, leaves Uncle Sam wide open to involvement. This is especially so in view of the fact that Herr von Ribbentrop recently made it quite clear that neither he nor Hitler care a fig for the Monroe Doctrine.

* * *

Another U. S. problem of the utmost delicacy is how to keep frozen some $2,000 millions of French assets lodged in the United States. Washington is satisfied that any of these funds released would promptly find their way into the Nazi coffers. It will take super-agile diplomacy, however, to recognize the Petain Government and to continue holding out on French funds.

As to chance of Germany or her new empire converting these funds into essential war supplies in America, observers are not fearful. There are many ways—export licenses, priority schemes and so on—which would save Uncle Sam selling vital military supplies to people he doesn't like.

* * *

Turgid and Troubled

Though the surface may look fairly smooth, the deeper waters at the Pan-American Conference, now in progress at Havana, are troubled and turgid.

Latin America, in reality—and mutual admiration oratory notwithstanding—doesn't like Uncle Sam save as a Santa Claus. The traditional political system of despotism in many of the Latin American nations has found gratifying leadership in Nazism. It is not difficult for the South Americans to decide that the time was never so safe for throwing in their lot with the 20th century Napoleon and casting off all semblance of U. S. overlordship.

After all, there is the allure of lush profits. Europe has been the best market for the things Latin America has to sell and in many items Uncle Sam has been a serious competitor in that market. Playing on the Hitler team seems to offer concrete rewards. Altogether, the observers are pointing out, the United States doesn't expect much from the meeting.

Meanwhile, the important thing for Canada and the United States is co-ordiation of defense plans for the northern part of this hemisphere.

* * *

Who Pays More?

Traditional consolation for the Canadian glowering at his tax bill is that "After all, it's less than they pay in Britain." But is it? Because of the tangled, multi-barrelled tax system used in Canada, it is impossible to work out a true or complete comparison.

Under the new and hoisted income tax impost, announced in Britain this week a married man in Britain with two children and an income of $13,350 pays $5,500 in income taxes. A Canadian in a similar position pays federal income tax of $2,824. But there the true comparison ends. In addition the Canadian pays another $1,000 odd provincial tax (if he lives in Ontario), plus a defense tax of $261, plus an 8% sales tax on most of his everyday purchases, plus a host of other taxes. Of course, starting this week the Britisher gets a taste of our kind of taxes with the whopping "purchase" tax, and others of similar variety.

* * *

Jam Abated

One of the more serious tie-ups in the Canadian munitions programme to date resulted from the French collapse. A score of French engineers have been in Canada for almost a year assisting in the production of a heavy type of armament. With the French collapse these men were confronted with the disagreeable fact that their families were exposed to Hitler's wrath should Der Fuehrer not like their continued aid to an enemy.

It seems that a new group of experts have now been found to take their places. Six French engineers have placed themselves at disposal of the Department of Munitions and Supply at Ottawa, it was announced this week.

* * *

Answers Still Needed

Employers and young male employees still have a good many questions to ask about how the draft is going to work out; what it is going to mean to them, their jobs, their income and their families.

Not all the answers are yet available. Defense Minister Ralston this week, however, disabused many of their belief that it will be many months yet before the obligatory camp training period becomes effective. He announced that Canada will have accommodation for 150,000 troops by next winter.

The Financial Post is making a survey of business firms to find out what they are going to do about employees who enlist or who are drafted. From the replies in so far it appears that many firms are planning to make up the difference in wages between that normally received from the company and earned during the camp period; also that no distinction will be made in treatment of between those enlisting and those drafted.

* * *

Labor Shake-up?

The week was marked by grant of some important war orders (see article this page), and sizeable new orders for Britain are now being planned.

The fear of a labor shortage for the war supply industries may result in drastic reorganization of the Department of Labor, it is rumored in Ottawa. The rumor of such a reorganization has buzzed recurrently for years as this department has, in some key respects, been regarded as among the lamest ducks in the Government service. It is felt in many official quarters that national need no longer permits delaying the operation.

* * *

Celebrities at Bat

The new CBC series, "Facing the Facts," led off by the celebrated woman columnist, Dorothy Thompson, must appeal to all thoughtful Canadians. It literally means that celebrities are coming to bat for the British cause and giving us Canadians a new and more objective picture of ourselves, our allies and our cause. It is to be hoped the series thrives; that a gala list of speakers can be arranged. Premier King should have lots of time to lend his aid in helping to line up talent for such a cause, if necessary.

* * *

Partners

Pointing up the fact that in this war the Dominions are partners in the struggle was the elevation of Canada's popular Lieut.-Gen. McNaughton to a high post in Britain's defense forces. This week comes the appointment of Ernest Bushnell, formerly programme director of the Canadian Broadcasting Corporation, to direct the overseas shortwave operations of the BBC.

A Canadian visitor was recently surprised to find that an official of the BBC short wave department did not know that there was a CBC in Canada.

Crerar Boost Heralds Shake-up in Defense

From Our Own Correspondent

OTTAWA.—Although less than a month in office, Hon. J. L. Ralston has turned the National Defense department inside out. Not even Sir Sam Hughes, in his palmiest days, could boast of having shaken Canada's war department so completely out of its normal groove. A significant new feature is recruiting of business and professional men from civil life for key executive posts.

There is a new chief of staff in the person of Maj.-Gen. H. D. G. Crerar, newly arrived from Britain and service with Lieut.-Gen. A. G. L. McNaughton. There is a new adjutant general in the person of Maj.-Gen. B. W. Browne who, until a few weeks ago, was officer commanding the military district headquarters at Winnipeg. All along the line there have been changes in the ranking heads of the fighting force.

Bring in Civilians

Mr. Ralston has made a new move of importance in bringing in civilians as his executive assistants. Col. Allan A. Magee, distinguished lawyer of Montreal, and Lieut.-Col. George S. Currie, leading member of a firm of auditors of Montreal, are now hard at work in the department, performing what seems to an outsider to be the job of trouble shooting.

There has probably been a degree of disappointment in the department that these changes have not aroused a greater degree of enthusiasm. The disposition apparently is to judge the new set-up, not by advance notices or by the adulatory hand-outs, but by results.

Former R. M. C. Head

Maj.-Gen. Crerar is an artilleryman who emerged from the last war as a Lieut.-Colonel. He has served continuously in the army since then, holding the important post of commandant of the Royal Military College at Kingston. He is also a graduate of the staff schools of Great Britain.

Maj.-Gen. Browne has also a long and creditable record in the army.

(Continued on page 2, col. 2)

Betterment Reported By Eastern Dairies

From Our Own Correspondent

MONTREAL.—Business of Eastern Dairies Ltd. so far this year is better than for the like period a year ago and for the full 12 months period at least a modest gain is likely to be shown, W. R. Aird, president, stated at the annual meeting of shareholders.

Brazil Takes Over Railway Concern

Brazilian Traction Unaffected by Expropriation Action Announced

Properties of the Brazil Railway Co. have been expropriated by decree of President Getulio Vargas of Brazil, according to press reports.

Action was directed specifically against the company involved and there was no suggestion it might be extended to affect Brazilian Traction, Light & Power Co., which is in no way connected with the seized enterprise.

Brazil Railway Co. is incorporated with a Maine charter, but is understood to be almost wholly owned by English interests. The four classes of stock are listed only on the London Stock Exchange. The company is a holding company, operating vast industrial, utility and colonization enterprises.

The decree charged Brazil Railway Co. with mismanagement, corruption, embezzlement and insolvency detrimental to the national credit, according to press reports.

Sag'nay Power Gross Higher

Higher Taxes Reduce Net Income — Defer Common Dividend

From Our Own Correspondent

MONTREAL. — Saguenay Power Co. statement for the three months ended June 30, 1940, shows an increase in gross income, but a sharp advance in taxes reduced net to a point where the management apparently considered it advisable to defer action on the common stock dividend. In the previous quarter the company paid $1 a share on the common.

It may be that at the end of the year, when accounts have been finally audited, Saguenay Power will declare a dividend as in the second quarter alone surplus after preferred dividends amounted to 60 cents a share.

Gross income in the past three months amounted to $1,297,025 on a consolidated basis. Practically all prior charges were somewhat higher than a year ago. The most noticeable change was in income tax provision which advanced from $64,437 to $233,105. Net profit after preferred dividends was $128,157, as against $183,536 in the same period a year ago.

Cumulative returns for the first half of the present year reveal a

(Continued on page 2, col. 1)

EATON'S

Sea Island Cotton

FINE BROADCLOTH SHIRTS

A new line of high quality shirts which, because of their exceptionally fine weave, combine the serviceability of cotton broadcloth with luxurious appearance. They come in collar attached style only . . . snow white for summer wear. Sizes 14 to 17½.

EATON PRICE 5.00 EACH

Main Store—Air-Cooled Main Floor.

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Sag'nay Power Gross Higher

(Continued from page 1)

consolidated gross income of $2,535,307, up from $2,259,951 for the like period of 1939. Operating expenses, premium on bond interest and income taxes wiped out the gain. Net available for dividends was $505,359, compared with $572,368 in the first half of last year.

Comparative figures on the consolidated income account for the three months and second months ended June, 1940 and 1939, follow:

Consolidated Income Account
3 Months Ended June 30

	1940	1939
Oper. revenue	$1,297,025	$1,128,554
Less: Expenses	185,724	179,125
Taxes	80,105	81,624
Add: Other income	14,925	25,981
Net revenue	1,046,121	893,785
Less: Debt interest	368,690	346,959
Other interest	210	2,977
Debt discount	44,144	42,414
Exchange profit	21,391	......
Depreciation	181,673	184,711
Income tax	233,105	64,437
Net income	196,908	252,287
Less: Pfd. divd.	68,751	68,751
Com. divd.	......	210,000
Surplus	128,157	*26,464
Previous surplus	3,677,396	3,545,887
Invest. profit	......	2,815
Surplus forward	3,805,553	3,522,238

*Deficit.

Consolidated Income Account
6 Months Ended June 30

	1940	1939
Oper. revenue	$2,535,307	$2,259,951
Less: Expenses	351,097	300,764
Taxes	160,992	145,347
Add: Other income	34,279	44,384
Net revenue	2,057,497	1,858,223
Less: Dept interest	737,375	694,503
Other interest	210	3,440
Debt discount	88,288	84,827
Exchange profit	42,832	......
Depreciation	359,185	361,280
Income tax	324,247	141,803
Net income	505,359	572,368
Less: Pfd. divd.	137,503	137,503
Com. divd.	210,000	472,500
Surplus	157,856	*37,500
Previous surplus	3,647,697	3,557,057
Invest. profit	......	2,815
Surplus forward	3,805,553	3,522,238

*Deficit.

Foreign Exchange

During the week July 16 to July 22 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, July 22

Australia	3.58	N. Zealand	3.61
India	.3368	S. Africa	4.47
Japan	.2605	Hong Kong	.2644

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Crerar Boost Heralds Shake-up

(Continued from page 1)

rising at last to be a District Officer Commanding.

The difficulty, however, in appraising the success which these men will achieve in their new posts is obvious. The Canadian peacetime army is a negligible organization embracing only a few thousand men. The wartime army is now far in excess of 100,000 men and to it will shortly be added some 200,000 men called up under the conscription law.

To administer so large a force efficiently calls for the highest ability both in terms of military capacity and administrative talent. Until a man has grappled with such a task, successfully, it is impossible to forecast his future.

Need More Businessmen

There is a growing opinion on Parliament Hill that ultimately the Government will have to call in executive businessmen with military background to take charge of the department. They may have to work through the brass hats, but in one way or another a hard, efficient business administration must be achieved.

The appointment of the two executive assistants to the minister is undoubtedly preliminary move in this direction. Col. Magee is a veteran of the last war but his reputation rests upon his success as a commercial lawyer in Montreal. Lieut.-Col. Currie, who appears to be concentrating upon the supply and equipment problems of the department, is attacking his job as a business executive, not as a soldier.

The changes in the army staff put an end to demands that Lieut-Gen. A. G. L. McNaughton, former commander of the Canadian First Division overseas, be brought back to Canada. General McNaughton has been loaned to the British War Office to command a corps in the home defense of the United Kingdom. The Canadian division overseas is included in the corps.

Can. Wire & Cable Co. Profits Are Doubled

Net profit of Canada Wire & Cable Co. for the first six months of 1940 were 2½ times as high as the same period of last year, according to figures released by Herbert Horsfall, president and managing director. Net profit, after all charges, including depreciation, income tax and the new excess profits tax, totalled $380,000, compared with $154,838 for the first six months of 1939.

Earnings per share on the class A stock were equal to $9.66 per share, compared with $2.07 for the 1939 period.

Canadian Gen. Electric Plans $1 Million Plant

Construction is to be started in the near future of a $1 million extension, 800 by 160 feet, to the Peterborough, Ont., plant of the Canadian General Electric Co. Plans and specifications are being drafted by John M. Lyle, Toronto architect, and tenders are being called as soon as these are complete.

The new plant will serve the dual purpose, it is understood, of providing additional capacity for performance of work on Government contracts and output of the company's regular commercial products. The existing Peterborough plant is used mainly for production of apparatus for generation and use of electric power, such as generators, circuit breakers, switches, meters, wire and cable.

War orders to industry generally and erection of new plants have stepped up demand for such products.

Position Wanted

A SALESMAN and broker wants to represent reputable manufacturers on commission in the Maritime provinces. Would consider salary and commission. I have been representing well known firms for the past twenty years. Age 43 years. 3½ years in service last Great War. Steadily employed since. Owing to war conditions have lost representations. Have represented drug, grocery, drygood, hardware, manufacturers, chemical, wholesale and retail trade. Large connection with hospitals and physicians. Executive experience shipyard, drug & chemicals. Can furnish any references. All replies confidential. Box 50, The Financial Post, Toronto.

The Nation's Business

(Continued from page 1)

"core" of industrial workers. The balance were for the most part unemployed or on relief.

By the time this measure is finally introduced it seems probable that almost every employable person in Canada will be at work. Probably half a million persons who were without jobs five years ago will become eligible for contributions and benefits.

These are the people most likely to be unemployed when depression next strikes industry. They are people likely to make costly and substantial demands on the insurance fund if a catastrophic period of unemployment occurs.

To what extent has the actuarial basis of the 1935 act been revised to handle this new contingency?

To what extent has the present Act been subject to the most searching actuarial scrutiny in light of present-day conditions and probabilities?

* * *

There are the gravest possible dangers in any attitude of complacency or restraint in criticizing and questioning a measure of this magnitude.

If the Government insists on foisting an unemployment insurance bill on the country at this time, no effort should be spared in subjecting it to the closest possible scrutiny and exposing fearlessly its weaknesses and shortcomings.

* * *

Subversive Literature For Alberta Children

A textbook is now being printed and will be distributed for use in certain schools this fall which should interest practically every businessman in Canada.

It holds up to "ridicule and contempt" practically every major business in Canada: flour milling, baking, automobiles, meat packing, canning, milk products, advertising, iron and steel, banks, railways, fish packing, electrical equipment, breweries, the press, departmental stores and others.

It presents its material and directs its argument in such a way that the 14-year-olds for whom it is intended can hardly but be convinced that practically everything is wrong with the democratic system and practically everything is right with the totalitarian ways of the Nazis and the Communists.

It preaches a gospel completely foreign to the Canadian way of life; a gospel of class war; the political creed of Russia, Germany and their friends.

* * *

This book is "The World of Today," by W. D. McDougall and Gilbert Paterson, published by The Ryerson Press.

Originally published in 1937, the book was authorized for use in Social Credit Alberta. Following protests against some of its more glaring attacks on the Canadian system, the Alberta authorities, in co-operation with publisher and authors, undertook a revision. That "revision" is now complete.

But the new version is no better than the old. Here and there a word is changed; a specific glowing praise of Communism or Naziism dropped; a softening here and there of a phrase.

The anti-Canadian gospel is preached just as forcibly as ever; a gospel which the Defense of Canada Regulations have power to control.

This is no time for any province to aid Hitler by sowing seeds of revolution and scorn for the Canadian way, in the minds of our 14-year-olds.

* * *

War Supply an Industrial Job

The United States is going through difficulties not dissimilar to our own in speeding its defense programme.

Commenting on the new appropriations sought recently by President Roosevelt from Congress the New York Times says that a central weakness of the national defense policy, so far, has been a failure to give good men like William S. Knudsen and Edward R. Stettinius, Jr., sufficient explicit powers to enable the National Advisory Commission, which they head, "to view the defense picture as a whole" and speed up bureaucratic methods of service departments.

The fear is expressed that by trying to be his own defense administrator Mr. Roosevelt is making the White House the chief bottleneck in the defense programme. Men who are capable of assuming responsibility must be given authority to use their judgment and capabilities to the full, it is argued.

* * *

In Canada scores of men whose names stand at the top of our business and industrial register have been seconded for duty in speeding our own national defense and war supply programme. Yet not all of them have been given jobs commensurate with their energy and ability.

And in Canada (as apparently in the United States) the executive duties still lie with the political administrator—using the word "political" in no invidious sense.

At Ottawa, Mr. Howe is trying to be both policy-maker and executive administrator at the same time. These are two separate jobs. True, the Minister of Munitions and Supply has wisely delegated important authority to corporations and other specific agencies created or co-opted for specific purposes. But the chairmanship of war supply—responsibility for co-ordination of their work to ensure the procurement of supplies quickly and effectively—is an industrial job. It is a one-man job. It should be given to one man with supreme authority to get results.

This would free Mr. Howe for onerous cabinet responsibilities and for his added responsibility of liaison in British war purchasing in Canada.

It would be the best guarantee that the scores of dollar-a-year men at Ottawa and those now connected with the vast organization of war supply were all pulling their weight and doing work commensurate with their ability.

War Orders Cut Capacity Margin

(Continued from page 1)

in which her own productive machinery stands—a point which The Financial Post has been emphasizing to justify the transplanting of some of her essential arms industry to Canada. In recent days the British Government has ordered the construction in Canada of three new plants instead of plants which were under construction in Britain and are now being abandoned.

Red Tape Cut

3. British authorities still seem somewhat confused as to Canada's industrial abilities, but appointment of Hon. C. D. Howe as Britain's purchasing agent here has greatly accelerated action; slashed enormous sticky masses of red tape.

In a long list of projected purchases on this continent, recently submitted by Britain, it was found that in the case of some items, Canada could supply the article more readily than the United States. The business was forthwith appropriated for this country and Britain informed later.

Output Not Immediate

4. Despite the enormous volume of capital expenditure on plant construction, it must be kept in mind that actual production is in many cases still a long way off. Plant expansion now under way or completed in Canada and financed in whole or in part by the British and Canadian Governments amounts to approximately $80 millions, involving some 50 firms.

Estimated output of these plants—when they get into action—is some $400 millions annually.

No matter how promptly buildings can be run up or how available suitable machinery may be, installation and organization take time. Chemical plants generally will be producing in a few months. But arms and munition plants now ordered are not likely to be turning out war supplies before next year, probably not before next summer.

Near Capacity

5. Canadian industry is very near the limit of its capacity to produce within a reasonable time guns, shells and similar armament, it is believed in responsible quarters. Reason for this alleged limit is the lack of machine tools.

It is claimed that very soon the entire available supply of machine tools, procurable here, in the United States and elsewhere, will be harnessed for war production or in use for other essential industry.

While new orders for more machine tools can be placed, it is alleged that an important new supply of machine tools could not be available before 1941, which would probably mean that new factories using these tools would not be producing before 1942 or 1943. There are, of course, individual exceptions to this.

Labor Shortage

6. Shortage of skilled and suitable labor for war supply is expected to prove serious in not many weeks. Already the lack of suitable labor is being felt in some industries and as new war supply firms get close to or into production it is expected that the shortage will become very real.

One of the main reasons given for the national registration was to provide an X-ray of the experience and abilities of Canadian manpower, both for war and for industry. It is admitted that there need be no serious labor shortage for a long time to come, but it is feared that unless immediate and drastic steps are taken to mobilize and allot available labor skills, where needed, this aspect of production will prove a bottleneck.

Big War Orders

Following are some of the larger war orders announced during the past week.

Another 20 air force and air training plan construction projects, to cost almost $3 millions.

Twelve explosives plants to cost about $19 millions, in addition to the $11 millions explosives plant project announced last week.

Plant for the manufacture of bombs, to be completed in six months. Another plant is to produce chemicals for use in gas masks.

Bren gun plant capacity is now being doubled.

Capacity of two other gun plants, one making anti-aircraft gun barrels, the other to produce field guns, is being doubled.

Machine tool plants are expanding their capacity. Automobile plants are being expanded to permit, among other things, production of 200 army vehicles daily.

Gains of Railways Depend on Wheat

(Continued from page 1)

the last half of the year, may be largely offset if the wheat movement drops to any appreciable degree.

Plenty of Grain

What are the prospects for the wheat movement? The current crop year closes this month. Government figures indicate the carryover at at least 250 million bushels. This contrasts with just over 100 million bushels at the close of the previous crop year.

In all, Canada has storage facilities for some 400 million bushels. At present the terminal facilities are loaded to their effective capacity. Half of the country elevators are loaded, so that there remains available for the new crop storage in the other half of the country elevator space, or around 90 million bushels

Above Average Crop?

Crop prospects in the West have been fairly encouraging, but it is not expected that the outturn will be as large as 1939 when close to 500 million bushels of wheat were produced. A 400 million bushel crop, however is possible. Add to this the carryover of 250 million bushels and Canada will have available for domestic and export demands 650 million bushels.

Ordinarily three quarters of the wheat moves from the farms to the elevators between August and November. Whether or not that will be the case this year depends upon the demand arising for export and elevator capacity.

Fall Movement?

Movement from country elevators, of course, depends almost entirely on the export trade. The domestic market including farmers' own seed requirements which hardly enter traffic channels at all, only amounts to 125 million bushels at best. Normally Great Britain and Continental Europe must take the rest. Only the British market is open now. Canadian shipments to that quarter run as high as 200 million bushels a year, but have often dropped well below that figure. With a war on, some increase may be expected over normal requirements but observers point out that some other sources of wheat than Canadian are still open to Britain.

May Defer Buying

From the railways point of view the wheat movement this fall may be under that of a year ago. A light export demand in the fall months would quickly bring about a blocking up of the elevator space, both at terminal and country points. That condition, of course, is predicated on the assumption that the British buying will not come with any rush this fall but will reach a peak next spring.

With a limited movement of wheat rail earnings will be affected. It is difficult to say whether the increase in other types of traffic will be sufficient to offset a small wheat movement. The chances are that it will, but the gains of the past several months are likely to be of more moderate proportions in the fall months.

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Business Protests Rushing of Bill

(Continued from page 1)

from payrolls already necessary in business institutions, one firm having 11 such deductions. He asked for more time to study the plan.

G. S. Hougham, Dominion secretary of the Retail Merchants Association, suggested that unemployment insurance legislation should be permissive rather than mandatory. He said he would like to see retail clerks exempted from the bill but was not making a suggestion that this be done. He asked for representation of the retail merchants on the advisory committee.

Effect on Banks

H. T. Jaffray, president of the Canadian Bankers Association and general manager of the Imperial Bank of Canada, representing the chartered banks, stated that in 1939 the banks had about 20,156 employees to whom the Act would apply. Had the Act been in force last year the banks and their employees jointly would have contributed over $500,000, from which employees released under circumstances which might have entitled them to benefits would have drawn only $18,726. Of the total contribution bank employees would have paid in $278,049 or over 14 times the benefit.

He also outlined the policy followed by the banks when releasing employees showing that on the average they would have received more than three times the amount provided under the unemployment insurance plan. Accordingly he asked that the banks be exempted from the operation of the Act and that if this request were denied some alternative be worked out on a special basis.

JOINS BREWERIES BOARD

From Our Own Correspondent

MONTREAL.—Col. F. L. Shouldice of Calgary has been elected to the board of directors of Associated Breweries of Canada.

To Help You Pay YOUR INCOME TAX Next April 30th

To pay your necessarily increased income tax when it falls due next April, we suggest that you open immediately at the Bank a special savings account just for income tax purposes, and deposit each week, each fortnight or each month enough of your income to accumulate by next April the full amount of your tax. By faithfully following this plan you will be fully prepared and will avoid embarrassment.

The Bank of Montreal is glad to offer this special service to make it somewhat easier for you to meet your tax obligation to help our country.

BANK OF MONTREAL

Established 1817

"A BANK WHERE SMALL ACCOUNTS ARE WELCOME"

Parley on Gold Sets Policy

From Our Own Correspondent

OTTAWA.—Individual gold mines will decide the extent to which gold production will be stepped up, it was decided at the conference between leading mining men and officials of the Dominion Government held in Ottawa last week.

It was realized at the conference that while an increase in gold production is highly desirable to augment supplies of foreign exchange, a general output step-up by all mines is not feasible. Some mines can increase grade but others are already producing all the gold they can.

Sisters of Charity Finance Hospital

Syndicate Offers $2.5 Millions of Bonds With Quebec Guarantee

From Our Own Correspondent

MONTREAL. — Banque Canadienne Nationale and L. G. Beaubien & Co. head a large syndicate making a public offering of $2.5 millions of the Sisters of Charity of Quebec 4% s.f. bonds at 99 and accrued interest. The bonds mature Aug. 1, 1950, but are non-callable for 7 years except for sinking fund.

This issue has been authorized by a special act of the Quebec Legislature and is unconditionally guaranteed as to principal and interest by the province. Moreover the loan is a direct obligation of the Order. The annual sinking fund, starting Aug. 1, 1941, is calculated to retire $360,000 of the bonds before maturity.

Proceeds of the present issue, together with insurance money, will be used for reconstruction and equipping the St. Michael the Archangel Hospital near Quebec City destroyed by fire early this year. Work on the new plant has started already and is scheduled for completion about May, 1941.

NEW DIRECTOR

F. L. Hubbard, Toronto, former commissioner of the Toronto Transportation Commission, has been appointed a director of Acme Farmers Dairy, Ltd.

New Issue July, 1940

$2,500,000

Province of Quebec Unconditionally Guaranteed

THE SISTERS OF CHARITY OF QUEBEC

4% sinking fund bonds, dated August 1, 1940 due August 1, 1950

(non-callable for 7 years except for sinking fund)

Principal and semi-annual interest (February 1 and August 1) payable in lawful money of Canada in Quebec, Montreal and Toronto. Callable as a whole, at the option of the borrower, on 30 days' notice, at 101 on August 1, 1947, February 1 and August 1, 1948; at 100½ on February 1 and August 1, 1949; and at 100 on February 1, 1950. Also callable by lot for sinking fund at 100 on any interest payment date throughout life of issue. Registration as to principal only. Denominations: $1,000 and $500.

Trustee: General Trust of Canada, Quebec

Legal opinion: Messrs. St. Laurent, Gagné, Devlin & Taschereau, Quebec

Legal Investment for Trustee Funds in the Province of Quebec and for Insurance Companies registered under the Canadian and British Insurance Companies' Act, 1932

Security of Issue

As authorized by special act of the Quebec Legislature (4 Geo. VI, Chap. 4, the Provincial Government, under an Order-in-Council, unconditionally guaranteees this loan as to principal and interest. Each bond will be endorsed to this effect by the Minister or the Deputy Minister of Health.

The loan will also be a direct obligation of the Order of The Sisters of Charity of Quebec, whose covenant the bonds will bear. The Trust Deed concerning the loan will be executed before Mr. Joseph Sirois, notary, Quebec.

The annual sinking fund, starting on August 1, 1941, under the direction of the Trustee for the bondholders, is calculated to retire $360,000 of these bonds before maturity.

Borrower and Object of Issue

Founded in 1849, this Order (also known as the Grey Nuns of Quebec), now numbers over 1,500 members and operates more than 60 hospitals, schools, orphanages, etc.

The proceeds of the present issue, together with insurance money received by the Sisters, will pay the cost of reconstructing and equipping the St. Michel Archange Hospital (at Mastai, near Quebec City) destroyed by fire early last year. The new construction, fireproof throughout, has already been started and will be finished about May, 1941.

The Hospital and its annexes will take care of about 3,000 mental patients.

Subject to prior sale and allotment we offer these bonds on behalf of the Order, for delivery if, as and when issued and received by us and subject to the approval of Counsel

PRICE: 99 plus accrued interest — yield to maturity 4.12%

It is expected that interim certificates will be ready for delivery on or about August 15.

Banque Canadienne Nationale — L. G. Beaubien & Co., Limited

A. E. Ames & Co., Limited — The Dominion Securities Corporation, Limited — Wood, Gundy & Co., Limited
Hamel, Fugère & Cie, Inc. — J. C. Boulet, Limitée — Savard, Hodgson & Co., Inc.
René T. Leclerc, Inc. — General Finance Co., Limited — W. C. Pitfield & Co., Limited
Royal Securities Corporation, Limited — Desjardins, Couture, Inc. — Clément, Guimont, Inc.
Dubé, Leblond, Inc. — J. E. Laflamme, Limitée — Garneau, Boulanger, Limitée
Lagueux & DesRochers, Limitée — La Corporation de Prêts de Québec — Crédit Anglo-Français, Limitée
Lucien Côté, Inc. — Ross Bros. & Co., Limited — Jos. Morency, Limitée

This advertisement is published on behalf of The Sisters of Charity of Quebec and is based upon official information.

London Calling

by Atticus

Churchill's Power to Stir Emotion Brings Life to Debates in Commons

LONDON.—The House of Commons is still the most unexpected of places. For weeks now the old Mother of Parliaments has carried on without an Opposition, and debates reduced to Ministerial monologues.

But on that amazing moment recently when Mr. Churchill flung the challenge of a reborn Britain to our enemies, Parliament became significant and great once more.

The power to arouse intense emotion is not given to many men. Earl Baldwin had it when, as Prime Minister, he would rouse the House to pity, sentiment, irony, and idealism almost at will. He cast a spell over us as easily as a fisherman casting a fly, yet he was never the victim of his own exuberance.

WINSTON CHURCHILL

Mr. Churchill on the other hand can never stand aside. His sympathies are easy to rouse, like his resentment and his magnanimity. Either as a writer or a speaker he feels that he is part of it all whether dealing with the vicissitudes of today or the victories of his ancestor, the first Duke of Marlborough.

He does not see the British race as a collection of shopkeepers or artisans, but as the spiritual descendants of Grenville, Shakespeare, Drake, and Nelson. A study of his own life reveals climax after climax, adventure, victories, discouragements, failures—but never surrender.

* * *

Unhappy Task

No senior officer in the Fleet could have been better fitted to carry out his distasteful but essential task at Oran than Vice-Admiral Sir James Somerville. He is a man of swift and penetrating intellect with an ill-concealed impatience for the pompous or the routine mind. His wit is sharp pointed—sometimes too much so for his associates—but he softens it with a warm humanity toward all God's deserving creatures.

In appearance he is dark and looks younger than his 58 years. He went to sea at 16, and has never lost that zest for life which is so often the legacy that comes to those who give their hearts to the tempest and the waves.

On shore he is more traditional than when afloat, finding his pleasure in shooting and fishing. Sir James has a pretty wife, an attractive daughter, and a son in the Navy. It is strange, now, to realize that not very long ago he was invalided out of the service.

* * *

Porthos A Prisoner

My gallant American-born friend, Colonel "Johnny" Dodge, D.S.O., has just been reported to be a prisoner in Germany. Colonel Dodge is the reincarnation of Dumas' Porthos. Adventure comes to him easily or, if it is laggard, he seeks it.

In the last war he commanded his battalion in the line at the age of 24 and was awarded the D.S.O. Finding peace an irksome pursuit he went to Russia in 1919 and got himself arrested by the Bolsheviks, who very nearly executed him. Reduced to the rank of Major, "Johnny" Dodge was with the British troops who were surrounded in the unhappy events subsequent to the evacuation of Dunkirk. I am told that seeing capture was inevitable he stripped to his underclothes and set out to swim to a ship which was some five miles out at sea.

That was the last seen of him, and it was feared that he was lost. How he ended up as a prisoner in Germany is a mystery that will have to await solution.

* * *

Nemesis

Mr. Justice Singleton was emphatically the right judge to send to the Old Bailey the other day. There he passed heavy sentences of penal servitude on certain people euphemistically called "fifth columnists," but who deserve a harsher and more accurate designation.

He is a man of simple habits and, oddly enough, for a bachelor, his watchword is "discipline." Perhaps he owes this to his service in the last war, when he was a captain in the Royal Field Artillery: or perhaps it is indigenous to his North Lancashire stock, which prides itself on not being cursed with the softness of those of us who were born in more effete regions.

As counsel he was an outstanding upholder of professional probity, and his essay, "Conduct at the Bar," is still read with respect by the legal fledglings. As a judge he has never fallen a victim to the sentimentality which regards the criminal as one especially deserving of our kindness and consideration.

Perhaps in peacetime it is right that judges should seek to reform as well as to punish, but in war a judge, sometimes thought harsh by the "probation-for-all" school, becomes essential to the nation's welfare. When our young men are dying in defense of the country it is not a time to be lenient to those who would aid the enemy.

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Big Expansion In Civil Service

Add 1,000 Per Month Since Start of the War — Ottawa Benefits

From Our Own Correspondent

OTTAWA.—The civil service of Canada is growing under the pressure of war at the rate of about 1,000 per month. A return tabled in the House of Commons showed that 6,693 employees have been added to Government service from the outbreak of war to May 27 last. Biggest increase was in the Department of National Defense where 3,653 new employees were reported. The added payroll in this department alone was $2,634,150.

The aggregate increase of Government payrolls caused by new staff was $5,500,000. Only one department, labor, reported a decrease.

Ottawa has profited most by the rising curve of civil service, with 3,596, or approximately half the increase, added in the national capital.

T.C.A. Awaits Decision On N.Y.–Toronto Plan

From Our Own Correspondent

MONTREAL.—Trans-Canada Air Lines plans for a service between Toronto and New York lie dormant awaiting a ruling of the U. S. Department of Commerce as to whether or not a license will be granted.

In March applications of T. C. A. and four U. S. air lines for a license to operate between Toronto and New York were given hearings by the Civil Aeronautics Authority at Washington. Since then control of this government agency has passed to the U. S. Department of Commerce and the whole matter is being reviewed again.

At this time there are no indications as to when a decision will be handed down. Increased use of the Toronto Island airport and use of all available T. C. A. planes in existing services are new factors in the situation.

The Home Front

Over Objective

Returns from the Salvation Army campaign for funds are estimated at $1.3 million, an increase of more than 25% over the objective of $1 million. A large proportion of this amount consists of pledges.

At the present time there are 40 service centres in operation in Canada, and requests by military and civil authorities for an increase. Commissioner Orames states that ever-increasing demand is being made upon the organization for services. A large hostel for Canadian servicemen was recently opened by the Hon. Vincent Massey, Canadian High Commissioner in London. This hostel is located at 101 Southampton Row. A Toronto hostel will be opened shortly and will have accommodation for visiting relatives of servicemen.

* * *

Gives Ambulances

Funds have been turned over by Rexall Drug Stores and the United Drug Co. to the Canadian Red Cross Society which will allow the purchase of two new ambulances.

Individual donations making up the total came from more than 1,000 Canadian Rexall druggists which were matched dollar-for-dollar by the United Drug Co.

In accepting the cheque from John R. Kennedy, United Drug Co. president, Dr. Fred W. Routley, national commissioner of the Canadian Red Cross, said that every member receives invaluable encouragement with the arrival of such willing help from "back home."

* * *

Almost $1 Apiece

Kitchener and Waterloo with a population of 40,000 have been successful in raising $38,000 for the purchase of an army tank in a three weeks' period. This works out at almost $1 per person for the sister municipalities.

The drive to raise the funds was carried on for two weeks and services of all kinds, including advertising, were donated. The Kitchener-Waterloo tank drive was the original drive of this kind to be launched by a municipality for purchase of war equipment.

The Post-Bag

McConnell for Cabinet?

J. W. McConnell, erstwhile Canadian financial tycoon and now publisher of the Montreal Daily Star, is said to have a hankering for public life. He was seriously considered in Prime Minister King's plans for the reorganization of the Cabinet.

It is not without significance that Mr. McConnell has relinquished the position of president of Ogilvie Flour Mills Co., the last public company with which he was officially identified.

* * *

Loblaw Fund

The Kiwanis Club of Toronto has a fund of $2 millions for boys' work. This is the present capital value of the money left to the club by the late Theodore P. Loblaw, founder of Loblaw's Groceterias, once an enthusiastic Kiwanian and devotee of work among underprivileged boys.

Under the title, "The Fairy Godfather of the Boys' K-Clubs of Toronto," B. G. Newton has written a pamphlet life of Mr. Loblaw. Mr. Newton is a past president of the club, is manager of the technical newspapers division of The MacLean Publishing Company, and has always been zealous in boys' work himself.

* * *

Paying Taxes — Plus

An interesting sidelight (duplicated many hundreds of times) on the new taxing regulations of the Federal Government, is the fact that one of the larger utility companies in Quebec has had to buy a new record machine and engage five additional clerks to compile the returns.

* * *

Fifth Columns

Several large Canadian corporations have recently weeded out the ranks of their head office staffs to get rid of possible undesirables. Even companies engaged on secret war work have had Germans and Italians in their employ, often on confidential tasks. Any firm in doubt is always privileged to consult the R.C.M.P., which knows its way around Fifth Columns.

* * *

Export Version

Berlin radio broadcasts to the German people glorify war, tell of the honor of dying for the Fatherland; never speak of the tragedy of war. But a Berlin broadcast in English the other night was a heart-rending story of the horror of war. It closed with a wish that American mothers might never have to send their sons to die on Europe's battlefields. That comment rather gave the propaganda away.

* * *

"They Done It"

Nathan C. Rockwood, editor of Rock Products, Chicago, does not believe in pampering people. Here are a couple of sentences from a recent editorial in his paper:

"The professors (New Deal and other uplifters) . . . speak in doleful tones of the pioneers who settled and built America, and lament their passing. The chief thing that made the pioneers different from us was that they didn't ask anyone, least of all the government, to find work or 'make work' for them. Damn it, they saw plenty of work to be done, and 'they done it,' and were happy in its accomplishment. They cleaned out privies, and did a lot of other things that were not cultural, but they founded an American culture of individual independence and freedom of thought and freedom of enterprise."

* * *

On Guard

Remembering the fire that destroyed the Parliament Buildings at Ottawa at the time of the last war, the Government has placed restrictions on visits to the new buildings. Those entering on business must identify themselves to the officers on duty. Parties of tourist visitors are still, however, being taken through the building, but only when accompanied by a guard.

* * *

More About SK.

Recently we reported that two SK combinations are now rearming the United States: Stettinius-Knudsen and Stimson-Knox.

Now a reader in New Hampshire tells us that SK is radio amateurs' signal for "All done; end of transaction; signing off; I am through."

* * *

War Windows

The British Government has asked retail stores to donate window space for a series of displays designed to keep folks on their mettle to beat the Nazis. The themes for the displays are provided for by the Government but the displays themselves are the product of each store's own display men.

OGILVIE FLOUR APPOINTMENTS

Consequent upon the resignation of J. W. McConnell as president and director of Ogilvie Flour Mills, Hon. Chas. A. Dunning, vice-president and former Minister of Finance, was elected to the presidency of the company. Mr. McConnell's place on the board was filled by the election of Morris W. Wilson, president of the Royal Bank of Canada.

Exchange Ban on Travel For Pleasure Decisive

From Our Own Correspondent

OTTAWA.—While somewhat modified since first imposed, the ban on taking money out of the country for pleasure purposes will decisively curb the outward flow of Canadian funds and the sapping of Canada's foreign exchange resources. Detailed clarifying regulations indicate that ordinary holiday or social travel to the U. S. will be sharply cut this summer, and that the annual southward trek to Florida, California and other winter resorts will be virtually suspended.

The original ban on pleasure travel anywhere has been modified to permit trips to the "sterling area," which would presumably include Bermuda, the Bahamas and West Indies. But it still applies to all countries outside the "sterling area," and thus covers not only the United States but such countries as Mexico and South American nations.

The banks and other authorized dealers of the Foreign Exchange Control Board are still permitted to provide directly foreign exchange for travel and other purposes in certain categories. They may supply up to $100 a trip to bank customers for necessary business travel; exchange for sudden emergency trips in cases of illness or accident involving persons in the U. S.; or up to $25 a month (or £25 sterling) for "benevolent remittances."

Otherwise a permit for getting exchange must be obtained from the Control Board. This body has established six categories of non-pleasure travel for which exchange permits will be granted more or less readily if applications are acompanied by satisfactory supporting data.

At the same time the Board has made it clear that the restrictions apply not only to obtaining foreign exchange for spending on pleasure travel or similar purposes outside Canada, but also to export of Canadian funds for such purposes. Further, exchange authorities evidently have no intention of permitting Canadians to divert income from U. S. sources to pleasure spending below the border.

Such income must be transmitted to the Canadian owner and the U. S. exchange channelled through the Board for conversion into Canadian funds.

In addition to urgent cases of illness or accident and necessary business travel with which the banks may deal, the Board will issue permits for obtaining exchange for six classes of non-pleasure travel:

1. Travel for health, wherever it is necessary to go to the United States for special medical attention.

2. Travel for education, training, etc., where such training or education is not available in Canada. Permits will not be granted to attend school in the United States or to take an ordinary undergraduate university course, except under special circumstances.

3. Personal affairs, such as marriage of a Canadian in the United States, or trips to the United States to settle estates.

Conventions

4. International conventions, to enable Canadian delegates to attend conventions of recognized international organizations. Applications should be centralized through the Canadian headquarters of the organizations involved.

5. Transit through the U. S., particularly by automobile, when it is necessary for Canadians proceeding from one point in Canada to another to pass through the United States.

6. International commuters. Special arrangements are being made in the case of international commuters, that is persons who reside in Canada but are employed in the United States and cross the border daily. It is intended to provide a special permit to take moderate amounts of money with them for necessary expenditures in connection with their employment.

Directors of War—III

Drafting men of special abilities from Canadian industry, financial institutions and the Dominion civil service, there has been created a vast machine for prosecuting Canada's war effort.

To familiarize businessmen with the personnel and various functions of Canada's special war organizations, The Post in the next few weeks will publish a complete roster of these bodies, of which the following is the third installment.

Last week's roster of Directors of War listed those entrusted with the top supervision and policy making authority of the Department of Munitions and Supply, including the Minister, Deputy-Minister, executive committee, Wartime Industries Control Board, and Technical Consultants. This week the department roster is continued with a list of the principal operating personnel and purchasing divisional heads. Next week's roster will cover the Department executives and personnel chiefly concerned with production.

Since last week's issue went to press, there have been several additions to the policy making and control groups listed then. To keep the roster up to date, these are given below:

J. P. D. Malkin, director of W. H. Malkin & Co., B. C. Packers and other companies. He will represent the general purchasing division of the Department on the committee. Previously he was Director of Purchases of the Department.

Lieut.-Col. W. E. Phillips, president of the W. E. Phillips Co. Oshawa, Ont., and of the Duplate Safety Glass Co. of Canada. He will specialize in the procurement of naval armament.

A. W. Merriman, Department of National Revenue, has been made Secretary of the Wartime Industries Control Board.

* * *

Department Personnel—General

Comptroller and Secretary: L. R. Thomson, consulting engineer, Montreal.

Ass't. Comptroller and Sec.: A. S. Tindale, chartered accountant, Toronto.

Executive Assistants to the Deputy Minister: J. P. Pettigrew, general manager, Windsor Fisher Ltd., Montreal. W. D. Low, purchasing agent, C.N.R., Montreal.

Legal Department: J. deN. Kennedy, barrister, Toronto.

Liaison Officers (no salary): New York, J. B. Carswell, former president, Burlington Steel Co., Hamilton. London, C. A. Banks, managing director, Bulolo Gold Dredging Ltd.

Labor Liaison: H. B. Chase, Canadian vice-president, Brotherhood of Locomotive Engineers.

Cost Investigation: F. E. Wood, National Steel Car Corp. — Cost Accountant.

Transport Controller: B. S. Liberty, C.N.R., Ottawa.

Press Liaison Officer: Rielle Thomson, Public Relations Counsel, Montreal.

Contract Investigator: J. A. Marsh, General purchasing agent, Canadian Porcelain Co., Hamilton.

Personnel: W. C. McEachern, Post Office Department.

Economic Adviser: S. W. Fairweather, director Bureau of Economics, C.N.R.

* * *

General Purchasing Division

The final placing of most contracts is carried out by this division. The purchasing sections of this division are ten in number. Personnel is listed below with peacetime affiliations.

Director of Purchases: J. Eaton, assistant to general purchasing agent, C.P.R.

General Purchasing Agent: L. L. Price, supervisor of price investigation, C.N.R.

Clothing Section: G. A. Briggs, Department of National Defense.

This section is responsible for the purchase of cloth, clothing, uniforms, footwear and canvas goods.

Aircraft Section: D. P. Buckley, Department of National Defense.

This section places orders on behalf of the R.C.A.F. and the Aircraft Production Division of the Department.

Machinery Section: C. P. Morrison, radio department, C.N.R.

Machinery, hardware, tool steel, tools, and plumbing supplies are purchased by this section.

Wood Products Section: C. E. W. Morshead, purchasing agent, C.N.R.

This section purchases lumber and millwork, office equipment, folding tables, building products, tent pegs and poles.

Motor Vehicles: C. B. Doheney, purchasing agent, C.N.R., Toronto.

All motor vehicles, both for home use and overseas delivery, along with bodies, tires and wheels, are purchased by this section.

Fuels and Paints Section: W. J. Atkinson, purchasing agent, C.N.R., Toronto.

This section not only purchases all fuels and paints but lubricants and electrical supplies as well.

Medical Supplies: A. P. Labelle, wholesale drug supplies.

All hospital and medical supplies are purchased by this section.

Foodstuffs Section: W. E. Wilford, commissary purchasing agent, C.N.R., Toronto.

In addition to the purchase of all foodstuffs, the section is responsible for placing all laundry contracts for blankets and hospital sheets.

Naval and Militia Stores Section: E. S. Hoare, Department of National Defense.

This section purchases naval and army equipment of a wide variety, such as binoculars and wire rope.

Barrack Stores Section: T. A. McCormick, purchasing agent, Canada Creosoting Co.

Purchases by this section include brushes, enamelware, brooms, tinware, beds, mattresses, tableware and linen.

C. N. R. Abandons 652 Miles of Line

From Our Own Correspondent

MONTREAL.—Since 1929 the Canadian National Railways System has abandoned 652 miles of railway line in Canada. Over half of the mileage given up was in Ontario.

C. N. R. Lines Abandoned 1929 to Date

	Mileage
British Columbia	16
Prairies	58
Ontario	350
Quebec	187
Maritimes	40
Total	652

Aircraft Overhaul Contracts Given

Ten Firms Will Service Empire Air Training Plan Machines

From Our Own Correspondent

OTTAWA.—Contracts with 10 aircraft and flying companies in Ontario, Quebec and the Prairie Provinces have been awarded by the Department of Munitions and Supply for overhauling of aircraft used in the Empire Air Training scheme.

It is understood that Government funds will be available to finance the equipment and extension of facilities required to handle overhaul and repair work of the scope necessary under the Air Training plan.

Overhaul contracts have been let as follows:

No. 1 Training Command: The de Havilland Aircraft of Canada Ltd., Toronto; Ottawa Car and Aircraft Ltd., Ottawa; Fleet Aircraft Ltd., Fort Erie, Ont.

No. 2 Training Command: Canadian Airways Ltd., Winnipeg; Standard Machines, Winnipeg; McDonald Brothers, Winnipeg; Mason & Campbell, Prince Albert.

No. 3 Training Command: Noorduyn Aircraft Ltd., Montreal; Canadian Car and Foundry Co., Montreal.

No. 4 Training Command: Aircraft Repairs Ltd., Edmonton.

As far as possible, each contractor will specialize on one or two types of 'planes or engines.

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Use TRAVELLERS' CHEQUES or LETTER OF CREDIT

Safe, convenient and payable anywhere you may require. Available at any of our Branches at low cost. Our managers and our Exchange Department will assist you with your exchange problems.

Know Your Bank—it can be useful to you.

The BANK of NOVA SCOTIA

EST. 1832—OVER A CENTURY OF BANKING EXPERIENCE

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AIR CRAFT DIVISION at Malton, Ontario

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The best care that industry can provide for these mechanical servants, to supplement that of its own capable operators, is The Boiler Inspection Company's 64 years of specialized experience. This, the leading and oldest engineering insurance company in Canada, strives constantly to keep the pressure up, the wheels turning in the plants it insures. Its field force of 36 is closely geared to a head office engineering staff, whose one business is protecting power.

There are 23 companies registered in the Department of Insurance at Ottawa for the transaction of boiler and machinery insurance. Over 53 per cent. of the total boiler and machinery premiums in force in those companies is on the books of the Boiler Inspection Company alone. This should interest those requiring boiler or machinery insurance.

Ask your agent for full particulars about this Company.

Power Inspection by Power Engineers
Power Insurance by the only Company in Canada specializing in Engineering Insurance

908 FEDERAL BLDG., TORONTO
806 The Bank of Nova Scotia Bldg., Montreal
203 Curry Bldg., Winnipeg

THE BOILER INSPECTION AND INSURANCE COMPANY OF CANADA

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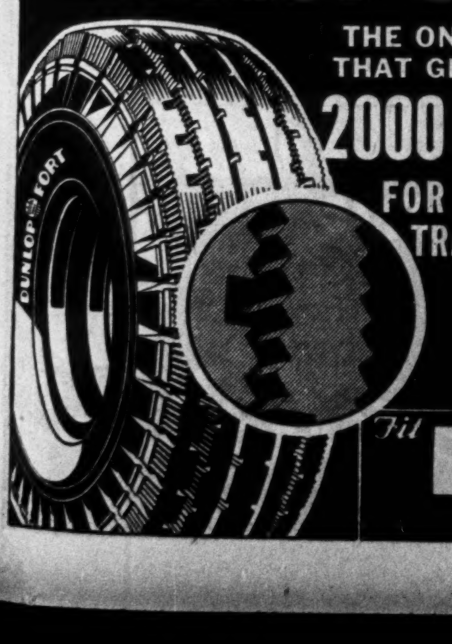
THE ONLY TIRE THAT GIVES YOU 2000 TEETH FOR SAFER TRACTION



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PRICES THAT CHALLENGE COMPARISON In Every Price Range

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Investment Trends

Markets Mark Time — Await Hitler's Move

Stock Market in Somnolent State But Undertone Satisfactory — More Information Needed — U. S. Views

The stock market is waiting. There is no buying or selling to any marked degree. Here and there an occasional stock comes in for attention, but, on the whole, there is almost a complete lack of interest.

This somnolent condition is expected to last so long as Hitler's invasion threat to England. Investors recognize that reports of severe destruction by Nazi attacks on England would naturally unsettle the market. Until that threat is removed it is not to be expected that there will be any revival interest.

The factor or factors holding down the markets here apply with equal force to those in the United States. Current market opinions from New York and elsewhere all carry the same story; attack on England, possibilities of an early peace, etc. An upward trend in the American markets would prove helpful in restoring interest in Canadian stocks, but even the most optimistic observers do not expect that the American markets will do anything until after the presidential election and then only if the Republican candidate Willkie comes out victor in the contest.

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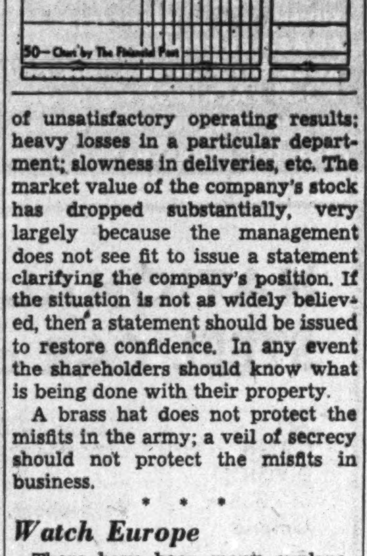
E.P.T. Drag



The "Excess" Profits Tax is a drag on the market. While it is commonly known that the Federal Government will take 75% of the excess earnings over the average of the past four years, it is difficult for the investor to determine how this new impost affects the individual company. It would be no problem if earnings for 1940 were to remain stationary. However, the majority of operators are experiencing larger earnings; in some cases very marked increases. How much will be left for distribution on capital stock?

Take the case of the newsprint companies. Unquestionably they form part of a depressed industry. Their tax base will be subject to ruling by the new board of referees. It will be some time before this board is working; maybe not until next year. Meanwhile the newsprint companies are piling up larger earnings than at any time in many years past; 1940 looks like a big year for them. It will be a thin year, however, if the Government is not generous in allowing a much higher tax basis than is indicated by their reports for the past four years. The Government is expected to do this, but until the uncertainty is removed, investor and speculative interest in the "newsprints" is at a standstill. Under other circumstances there would be an excellent market for stocks in this group in view of their largely increased earning power.

Brass Hats in Business

There is a growing insistence on the part of the public for a more intelligent policy on the dessimination of news relating to the war effort. Allied with it is the need of an equally intelligent approach by business executives of companies handling war business. We are not suggesting that they tell shareholders all details of war orders on hand, but there is much that can be said to inform the shareholder without divulging official secrets.

The problem of keeping the shareholder informed is an old one and does not apply only to wartime. An increasing number of executives have adopted enlightened policies with extremely satisfactory results. But there are others, fortunately not too many, who still subscribe to the "shareholders be damned" attitude of other days.

There have been two very good examples of late as to the effect on the public and shareholders alike of an enlightened and an unenlightened policy. Only the other day C. F. Sise, president of the Bell Telephone Co. of Canada, issued a dignified statement as to current operations and outlook for the company he directs. The response? An immediate resurgence of confidence in the company and an improvement of several points in the market value of the company's stock. Mr. Sise's company is intimately identified with the war effort. He did not tell any secrets. He did a perfectly natural thing—reassured the shareholders.

The other company we have in mind is engaged extensively in war business. That is no secret. Shareholders and public know full well the type of work the company is engaged in and for whom. Their confidence is at low ebb. They have heard of unsatisfactory operating results; heavy losses in a particular department; slowness in deliveries, etc. The market value of the company's stock has dropped substantially, very largely because the management does not see fit to issue a statement clarifying the company's position. If the situation is not as widely believed, then a statement should be issued to restore confidence. In any event the shareholders should know what is being done with their property.

A brass hat does not protect the misfits in the army; a veil of secrecy should not protect the misfits in business.

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Watch Europe

There have been many explanations of the market's action in the past several weeks. We have read a number of lengthy analyses. Some have been good; others bad. This week one of the more conservative houses in New York prepared a memorandum for the partners which concluded with the following remarks:

"It will be the foreign developments that will constitute the most decisive influence on the nation (U. S.) for many generations to come. That is the main reason the stock market to date has given but momentary response to business, political or other factor. Our fortunes have been tied up to those of England, as opposed to the allied dictators, so that the trend of the war will continue to be the dominating influence on the trend of speculative markets. If the war continues into the fall, domestic politics should have more effect on sentiment. If so, a promise of Republican victory might influence activity that of itself would prove a psychological stimulus to general business."

The sentiments expressed apply with equal force to the Canadian markets.

Acadia Coal Strike Off Pending Board

From Our Own Correspondent

MONTREAL.—Strike of the Acadia Coal Co.'s miners lasted for three days, the 1,500 men agreeing to return to work pending an investigation of the dispute by Dominion Government authorities.

The trouble started in the Allan shaft, where it was claimed some workers were not making $3.45 a day, to which they said they were entitled under an agreement with the company. The miners in the other three collieries operated by the company went on strike in sympathy.

MINING REGARDED AS WAR INDUSTRY

The important contribution which mining is making to Canada's war effort is recognized by the Dominion Government which regards mining as an *essential war industry*. This recognition serves to direct attention to the important position of Canada's mines.

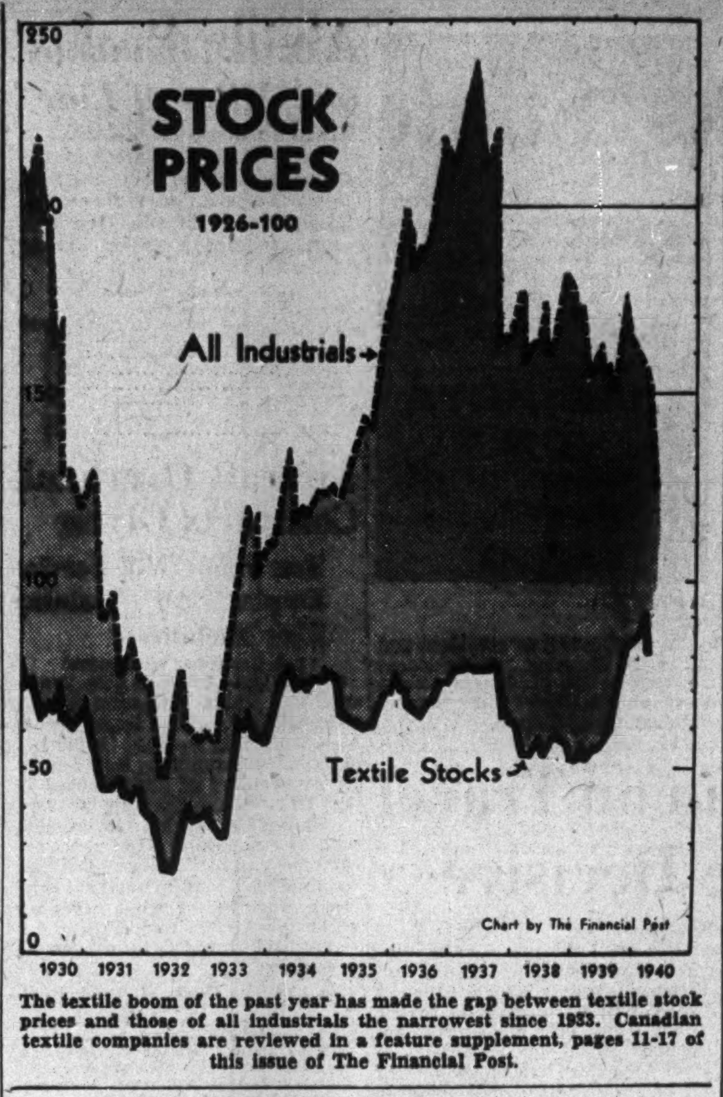
In line with the Government's policy of encouraging greater gold production and the favorable treatment afforded gold mines in the recent budget, a number of properties are adding to their capacity. This will undoubtedly be reflected in increased production and should make for higher dividend payments.

Sharing in these improved conditions are the following mines whose shares, at current levels we consider attractive:

East Malartic *Malartic Gold Fields*
O'Brien *Perron* *Sladen Malartic*

NESBITT, THOMSON AND COMPANY, LIMITED
355 St. James St. West, Montreal
Branches in the principal cities of Canada

158A



The textile boom of the past year has made the gap between textile stock prices and those of all industrials the narrowest since 1933. Canadian textile companies are reviewed in a feature supplement, pages 11-17 of this issue of The Financial Post.

Market Opinions

Market commentators are showing less concern about the war situation and hope of the market holding firm.

Barron's, New York (The Trader) —Stock prices continue to remain stationary. The longer such a development continues, the less menacing becomes the threat of a serious liquidating movement. While incoming orders have tapered off for the past fortnight, denoting a possible seasonal lull in business, the trend is not such as to indicate a serious reverse. Not in business or earnings curves is there warrant for the abnormal spread between bond and stock yields. The cause is purely and simply fear of the collapse of Anglo-Saxon financial supremacy. Uncertain and critical as may be the outlook on this score, so long as the market stays listless the forecast of the outcome, however obscure, is favorable.

The Annalist, N.Y.—The market's ability to advance on slightly heavier volume, following a long period of dullness and inactivity, is a favorable symptom. In this connection, it may be noted that the June rally was held fairly well, and that such secondary reactions as developed during the last week in the month were of moderate proportions and on light volume. This is favorable enough from a technical standpoint, as far as it goes. To be really convincing, however, the rally should develop more volume and cover a wider range of stocks.

Brookmire Counselor, N.Y.—The point that deserves special emphasis at a time of hesitation such as this is that, quite apart from war orders from across the Atlantic, sources of expanding business and earnings exist in the recovery trend and the armament programme right here at home.

Financial World, N.Y.—War news, which recently has been relegated to a secondary position as a market factor, may shortly assume more importance. But in the long run, it is the American economy that will determine the value of American securities, and the stock market is fundamentally in good position to begin to reflect any growing realization that current and prospective trends favor higher corporate earnings. There appears to be ample warranty for the ownership of sound common stocks which are affording good yields from adequately covered dividends.

Investment Notes

Quebec Power—Instead of paying the regular quarterly dividend on Aug. 16, the company will pay this year on Aug. 26. The delay is due to the extra work involved in complying with the new Dominion tax regulations.

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Canada Steamship Lines—Figures on the volume of traffic passing through the Welland and St. Lawrence Canals for June are not as encouraging as previously. Traffic through the Welland Canal at 1.9 million tons showed a very satisfactory increase of nearly 400,000 tons, but the movement through the St. Lawrence Canals was slightly under that of a year ago.

• • •

Imperial Tobacco—Cigarettes released for consumption in June showed a sharp drop compared not only with the previous month but with June of last year. Figures may not lie but they can be misinterpreted. The returns indicate no falling off in Imperial Tobacco's business, as in May there was an abnormally high withdrawal in anticipation of the tax increase. Thus the June returns are thrown out of alignment.

• • •

Shawinigan—Failure of Saguenay Power to pay a dividend in the second quarter cuts down the company's current income. To date this year Shawinigan has received on its 20% holding in Saguenay Power $42,000 in dividends; for the first half of 1939 payments amounted to $94,500.

Canadian Marconi War Business Grows

From Our Own Correspondent

MONTREAL.—Department of Munitions and Supply has placed a $27,655 order with Canadian Marconi Co. for "machinery, tools and hardware." This brings the volume of business placed by the department with the company during July up to $419,870.

STOCK SPLIT APPROVED

Special meeting of shareholders of Hayes Steel Products Ltd. held last week approved a plan to split the common stock on a three for one basis. Approval was also given to increasing authorized number of shares from 30,000 to 150,000.

York Trading Ltd. Profits Up 15%

Six Months Earnings Increase as Result of Sales Expansion

A 15% increase in sales is reported by York Trading Ltd. for the first six months of 1940, as compared with the same period of last year. The second quarter showed an increase over the first, and the first quarter was better than the same three months of 1939. Increase was due largely to expansion in Fort William and Peterborough, but sales were up also in other cities.

Net profit of $26,936 was reported in 1939, equal to $1.36 per share on combined participating preferred and common stock, compared with 79 cents in 1938.

The company is engaged in the distribution of wholesale groceries and hardware directly or through affiliates to a trade of about 9,000 to 10,000 stores in the five eastern provinces. Upwards of 1,000 stores are members of a profit-sharing scheme and supply York Trading with about 40% of its business.

Steel Wares' Sales Up 15%

Half Year Volume Well Ahead of Record 1939 Total

General Steel Wares Ltd. is well on the way to establishing record high earnings for the second successive year, The Financial Post is informed. Sales in the first six months of 1940 were up more than 15% from the same period of last year, while sales in the first three weeks of July were 30% ahead of the 1939 period. Net profit of $626,208 in 1939 was almost double the figure for the previous year and the best on record.

The company, engaged in the manufacture of kitchen utensils, stoves and furnaces, has received substantial orders from the Department of Munitions and Supply for barracks stores. Contracts related to date in 1940 have totalled about $300,000, compared with about $165,000 in 1939.

Effect of Taxes

Indication that the higher corporation taxes can be borne without affecting current dividend policy is shown by the fact a participating dividend of 25 cents per share is being paid together with the quarterly dividend of $1.75 on the 7% preferred stock. The distributions will be made Aug. 20, to shareholders of record Aug. 10, and compare with similar payments on May 20. No dividends have been paid yet on the common stock.

On the basis of 1939 earnings the company would be taxed on the basis of 75% in excess of the average for the four-year period 1936-39. The same basis will be used in 1940, judging from the results to date.

Levy Doubled

The new taxes, on the basis of 1939 earnings, would be more than doubled for General Steel Wares. Actual taxes paid last year totalled $137,500, while on the new basis the figure would be about $280,000. With sales higher in the first six months of this year than in the 1939 period taxes also show an increase.

On the basis of 1939 earnings, per share earnings on the common stock totalled 90 cents per share, while on the basis of new taxes the margin is reduced to 44 cents.

B. C. Power Net Ahead This Year

Increase $143,663 at Half-Year Mark — June Net Off Moderately

From Our Own Correspondent

MONTREAL. — British Columbia Power Corp. reports a further improvement in earnings during June as compared with the same month a year ago, but the balance available on the A stock recorded a decline from $151,474 to $134,867.

Despite the falling off in June, cumulative returns for the first half of the current year ended June 30 show an increase in both gross revenue and net income available on the A stock. Gross income increased by $401,436 while the net gain carried forward for the A stock was $143,663.

Ahead of 1939

Comparative operating figures for June and the six months ended June, 1940, 1939, follow:

June	1940 $	1939 $
Gross earnings	1,317,001	1,274,257
Expenses	994,468	933,382
Int., pfd. divs., etc.	187,666	189,401
Balance for A stk.	134,867	151,474
Six Months Ended June 30	1940 $	1939 $
Gross earnings	8,184,823	7,783,387
Expenses	5,892,803	5,627,619
Int., pfd. divs., etc.	1,127,995	1,135,406
Balance for A stk.	1,164,025	1,020,362

Montreal Stocks Pay Larger July Dividend

From Our Own Correspondent

MONTREAL.—Dividend payments declared on stocks traded on the Montreal Stock Exchange and Montreal Curb Market total $19.3 millions for July, an increase of $3 millions or 19% over the returns from the same month last year.

Cumulative dividends for the first seven months of the current year amount to $142 millions, an increase of $475,620 over the same period of 1939.

Hudson Bay Nets Increased Profit

Earnings of Hudson Bay Mining and Smelting Co. showed an increase for the six months ended June 30, 1940, amounting to 95 cents a share compared with 81 cents a share in the corresponding period of last year. Profits in each case are calculated after all charges except depletion.

Higher profit in 1940 reflects the increase in milling rate placed in effect in the latter part of last year. A total of 914,438 tons of ore were treated in the first six months of this year compared with 821,309 tons in the first half of last year.

Good Rich Oil Enlarges Plant

New Catalytic Unit and Storage Tanks Being Erected at Port Credit

At Port Credit, Ont., Good Rich Refining Co. has under way important additions to its refining and oil storage equipment. Major operations now being rushed are storage tanks for crude oil and refined products to hold about two million barrels and a Dubbs catalytic polymerization refining unit.

When the tanks now being built are completed the company will have available storage for over 10 million barrels of crude and refined products. Good Rich uses crude oil from the Illinois field which is brought in by boat. This makes necessary storage capacity adequate to supply the company over the winter months. Storage available last winter met requirements and the added capacity now being built should take care of needs for some time to come.

Make 100 Octane Gas

Other work being done is the Dubbs catalytic polymerization unit which will permit production of gasoline up to 100 Octane rating. Output of this grade will be limited, company officials tell The Financial Post, but it will be adequate for blending purposes, thus permitting production of any desired grade of gasoline.

Also nearing completion is a new unit for blending Ethyl lead anti-knock compound with gasoline. Office premises are also being remodelled, partly to make room for the added storage tanks.

Good Rich Refining markets its products practically throughout Ontario. The company has a marine storage plant at Windsor which serves that territory and is supplied from the Port Credit refinery. Other bulk storage plants are in eastern Ontario and North Bay. With the exception of lubricating oil, all products sold are refined in Canada.

Some years ago Good Rich, which is a privately owned company, leased the premises of the Lloyds Refineries at Port Credit. These have been enlarged and modernized. Outside of this lease arrangement, Good Rich has no connection with Lloyds Refineries.

Weston Net Profit Continues Climb

Increase of 4% Shown After Allowing For New Taxes

In spite of substantially higher taxes, George Weston Ltd. reports improvement in the first six months of 1940 as compared with the same period of 1939, in which year record earnings were shown. Net, after all charges including what the company regards as ample allowance for the new excess profit taxes, is equal to 52 cents per share on the common stock. This is up 2 cents per share from the corresponding quarter of 1939.

Provision for depreciation was increased and allowance for taxes is up nearly 70%. Net profit is more than five times dividend requirements on the preferred stock.

Unaudited statement, with comparative figures for 1939, follows:

First 6 Months	1940 $	1939 $
*Operating profit	499,782	434,290
Less: Depreciation	133,649	121,192
Inc., excess prof. tax (est.)	109,840	65,700
Net profit	256,293	247,398
Less: Pref. divd	43,750	43,750
Surplus for period	212,543	203,648
Earned per com. share	$0.52	$0.50

*After deduction of reserve for interest due and accrued.

Dominion Square Bldg. Rented Space Higher

From Our Own Correspondent

MONTREAL.—Dominion Square Building occupancy at present is about 74.5% of capacity, compared with between 70-72% at this time last year, according to a statement made by Andrew Flemming, president, at the shareholders' annual meeting. He added that the real estate situation in Montreal had not yet reached the point where the supply of office space was not able to fill the demand.

In answer to enquiry, the president said that all departments of the Peel-Windsor Garage, a subsidiary, were operating profitably.

Reports were adopted and directors re-elected.

Enamel & Heating Sales Up 57%

Exports Drop, But New Models and War Orders Help

A 57% increase in sales is reported by Enamel & Heating Products Ltd. for the first six months of 1940, as compared with the same period in 1939.

A contributing factor has been receipt of military orders from the Department of Munitions & Supply, total of about $30,000 of which have been reported. The company manufactures such items as stoves, sinks, basins, sheet steel and other items required for military camps and barracks.

It is understood that export trade has fallen off, principal customer outside of Canada being Newfoundland. Benefit continues to be felt, however, from new models added to the company's line of ranges in 1939.

The effect of the new Government taxes on this company is difficult to gauge. On the basis of 1939 earnings, which were substantially below the average for the four base years, 1936-39, the company would be taxed on the basis of 30% of profits. This would have practically no effect, as profits totalled only $644, before taxes.

Profits, before taxes, would have to total $4,000 before the company would be subject to the tax of 75% on excess. Any figure of profits under that figure would be subject to the 30% tax. If the company earned $4,000, taxes would absorb approximately $1,200.

Salmon Packers Face Market Cut

Lower Price in Effort to Stimulate Buying — French Loss Felt

From Our Own Correspondent

VANCOUVER.—Although relieved to know that the Federal Government has no immediate plans of assuming control over the salmon pack, British Columbia canners are still anxious about their export prospects and there is no longer any doubt that sales will undergo sharp contraction in some channels.

Under normal pre-war conditions about 60% of the British Columbia salmon pack is exported. Australia has severely curtailed buying in this market owing to import restrictions, and New Zealand and France, formerly important customers, have passed right out of the picture.

The United Kingdom remains the chief hope of salmon exporters. The potential demand there is great, despite strong competition of Japanese and American fish, but import regulations are strict. Packers are paying less for the catch to fishermen and are lowering the selling price in the hope of maintaining sales to an approximation of previous years' volume.

Exporters continue to hope that under the new wartime food control Great Britain will buy B. C. salmon, but there is the complication of obtaining import permits and arranging exchange. There is also the recurrent difficulty of obtaining adequate shipping space.

Disposal of the pink salmon pack, which formerly was sold chiefly to France, Belgium, New Zealand and Australia is a major concern of canners. This is a cheaper variety than the red or sockeye and there is some prospect of its finding a readier sale under war conditions on that account.

Meanwhile the pack of all salmon varieties promises to be well up to average this year. There was no carryover from 1939.

The halibut pack this year will be worth about $400,000, compared with $150,000 last year.

Can. Colonial Airways Traffic Up in June

From Our Own Correspondent

MONTREAL.—Canadian Colonial Airways carried 933 passengers in June compared with 671 for the same month last year, an increase of 39%. Traffic for June this year also was up 5.7% over May when 833 passengers were carried by the line.

Passenger traffic for the combine limited and incorporated companies of Canadian Colonial Airways showed an increase of 106.8% for June this year compared with June, 1939. In June, 1940, the companies carried 3,013 passengers as compared with 1,475 for the corresponding period last year.

Foundation Maritime Secures Big Contract

From Our Own Correspondent

MONTREAL. — Foundation Maritime Ltd., subsidiary of Foundation Co. of Canada, has been awarded a contract valued at $127,834 by the Department of Munitions and Supply. The contract comes under the general classification of construction and defense projects. As its name implies, the company's operations are largely centred in the Maritime provinces.

Neepawa Salt Building Mill

C.I.L. Associate Spending $350,000 — New Caustic Plant

From Our Own Correspondent

MONTREAL. — Canadian Industries Ltd. announce that its associate company, Neepawa Salt Ltd., will undertake immediately the construction of a new complete vacuum pan salt manufacturing plant at a cost of approximately $350,000. Plans are to bring the new plant into operation before the end of the year.

Since 1935 Neepawa Salt has operated a small salt recovery plant at Neepawa, Man. Only coarse grades have been produced for the use of the western farmer and meat packers. All refined grades have been shipped to the western provinces from Ontario.

Serve Western Market

The establishment of the new plant to serve the western market, particularly the agricultural and domestic needs of Saskatchewan and Manitoba will effect economies in transportation and distribution charges which are expected ultimately to mean a saving for the western consumer.

When in full operation the new plant will give employment to some 30 to 40 men and together with the present unit will produce about 100 tons of salt a day. This production will include coarse salt, vacuum table and dairy salt, as well as compressed blocks for livestock use.

Build Caustic Plant

Canadian Industries also announces the construction of a new caustic plant at Windsor to replace the old plant at a cost of about $80,000.

The site has been cleared and excavation has been completed. Foundations are under way.

The construction work is being carried out by the company's own maintenance department at Windsor, with subcontracts being let for structural steel, millwork tanks, concrete blocks and roofing.

The Mexican Light and Power Company, Limited

(Incorporated under the Laws of the Dominion of Canada.)

NOTICE

TO THE HOLDERS OF THE 5% FIRST MORTAGAGE BONDS OF THE MEXICAN LIGHT AND POWER COMPANY, LIMITED:

NOTICE IS HEREBY GIVEN that The Mexican Light and Power Company, Limited, will, on and after the 1st day of August, 1940, pay interest at the rate of 5% per annum on the said bonds (the principal of which matured on the 1st day of February, 1940) for the half-yearly period February 1st, 1940, to August 1st, 1940.

As no coupon is attached to the bonds in respect of such half-yearly period, it has been arranged that payment will be made against presentation of the bonds for endorsement thereon of a memorandum of such payment, at the chief office of the Bank of Montreal in the City of Montreal or in the City of Toronto, Canada, or at the Agency of the Bank of Montreal in the City of New York, U.S.A., or at the chief office of the Bank of Montreal in the City of London, England.

As under war conditions it would be difficult, if not impossible, for many holders to present their bonds in New York, the Company has made arrangements that no matter at which of the above mentioned places the bonds are presented, interest for the said period will be paid on this occasion in United States funds, which in England and Canada will be subject to exchange control. Such action is not, however, to be considered a precedent or as a waiver of any of the Company's rights with respect to the funds in which interest may be payable under the bonds or the trust deeds securing the same.

Dated this 25th day of July, 1940.

THE MEXICAN LIGHT AND POWER COMPANY, LIMITED
R. H. MERRY,
Secretary.

NOTE 1: On January 2nd, 1940, you were advised that the preparation of proposals to be submitted to meetings of the holders of the various securities of the Company had been [illegible] to conditions arising out of the war. Much progress has been m[illegible], but necessarily owing to the continuance of the conditions referred to, further delay has been inevitable. It is hoped that the proposals will be submitted during the autumn.

NOTE 2: In order to avoid the necessity of producing bonds for the meeting to be called, as mentioned in Note 1, arrangements have been made to open a register at each of the places where interest is payable and holders are recommended to take advantage of this and have their bonds registered in their names at the time of payment of interest. Such registration will be carried out free of cost to the holders.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg., mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-39:*												
High	432.5	113.4	273.4	423.5	118.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.3	24.5	88.8	158.8	88.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	184.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
Weekly Figures:												
June 6	92.5	13.4	69.8	107.0	70.3	143.7	108.9	104.0	49.1	76.5	36.8	72.3
June 13	95.9	13.5	67.2	104.6	70.6	142.4	106.3	104.0	48.0	76.4	36.2	72.6
June 20	94.2	12.9	62.8	101.6	70.0	145.6	106.4	104.0	46.3	75.2	35.4	72.6
June 27	89.6	12.7	61.1	92.6	70.4	144.7	105.2	100.9	45.3	72.5	34.9	70.2
July 4	85.7	12.7	61.1	94.6	70.9	145.6	107.0	99.1	46.8	70.0	35.1	70.2
July 11	86.9	13.1	66.2	99.4	72.4	144.5	107.6	99.3	46.4	69.2	34.5	70.6
July 18	89.6	13.4	67.9	101.0	74.0	144.6	114.8	101.4	47.0	69.7	35.6	72.0

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
July 23	90.87	86.03	59.77	20.07
July 22	90.80	85.60	59.61	19.97
July 20	91.30	85.38	59.80	20.00
July 19	90.99	85.43	59.55	20.02
July 18	90.35	85.27	59.48	20.10
July 17	90.13	82.13	58.96	19.91
Month ago	89.69	79.93	59.36	16.65
Year ago	113.82	122.01	90.00	29.07
High 1940	128.84	123.60	86.97	33.37
Low 1940	86.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
July 23	53.6	58.7	57.0	74.10	61.36
July 22	53.6	58.4	56.8	74.54	61.32
July 20	53.6	58.3	56.7	73.64	62.00
July 19	53.1	58.7	56.8	73.86	62.68
July 18	53.8	59.0	57.3	74.05	62.90
July 17	52.6	58.7	56.7	76.08	60.71
Month ago	51.3	57.8	55.7	72.02	59.93
Year ago	66.7	73.7	71.3	80.03	111.69
High 1940	69.2	92.2	84.4	152.63	100.81
Low 1940	50.7	56.0	54.7	66.44	55.16

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Amherst, N.S. (80-day option.)	July	W. C. Pitfield & Co.	...	....	25,000	97.38	.....
Mount Royal, P.Q.	July	A. E. Ames & Co.	....	....	*851,500	96.50	.....
Hespeler, Ont.	July	Harrison & Co.	3½%	1941-58	14,000	100.836	3.38%
Milltown, N.B.	July	T. M. Bell & Co., F. J. Brennan & Co., Eastern Securities Co.	4%	1941-55	85,000	....	.....
Moncton, N.B.	July	Wood, Gundy & Co. and Eastern Securities Co.	5%	1960	325,000	....	.....

*With a 80-day option on $95,500.

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Sisters of Charity of Quebec (Province of Quebec unconditionally guaranteed).	July	Bk. Can. Nationale, L. G. Beaubien & Co. and Syndicate	4%	1950	$2,500,000	99	4.12%

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McCallum-Hill Building - - - - Regina, Sask.
411 Avenue Building - - - - - Saskatoon, Sask.

Bond Markets

Investors Await News On Next War Loan

Look For Word Within Few Weeks — Expected Battle of Britain Causing Less Concern and Markets Strengthen

Bond investors are keeping one eye on Ottawa and the other on Berlin to find a guide for future trading. Disquiet over apparent imminence of the Battle of Britain continues, although failure of the attack to materialize as yet has enabled all sections of the market to show greater strength.

There is considerable speculation, and hope of detailed news soon, regarding the next Dominion war loan. Investors are wondering also about the New Brunswick bond issue of $1.4 million which matures Aug. 1. Arrangements already have been made to take care of the $1 million Manitoba issue falling due on the same date.

Corporation bonds continue to show strength, although volume still is narrow. Definite improvement is noted also in Dominion and provincial issues, including both eastern and western bonds.

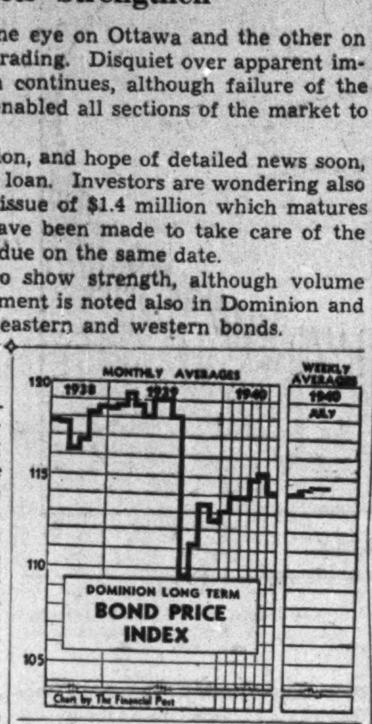
* * *

War Loan

Indications in Ottawa suggest preliminary steps for the next Dominion war loan already are being taken, but little evidence can be found that would point to the issue coming before September. The feeling persists that the Government's original intention to wait until the fall still holds, and the middle rather than the beginning of the month would appear the more likely date.

The Dominion had on deposit in Canadian banks a total of $239.5 millions on May 31, up over $60 millions from a month previous, so its cash resources have shown an increase. On the other hand, demand for funds is speeding up, particularly in view of the heavy purchases now being paid for in United States funds, as well as the increasing domestic expenditures.

The January war loan has shown increasing strength in recent weeks



and current price is the highest since the invasion of the Low Countries.

* * *

N. B. Issue

New Brunswick will have no great difficulty in meeting a $1.4 million bond issue maturing Aug. 1. The issue is for 3%, floated in 1935 and payable in Canadian funds.

The province is budgeting for a surplus of $13,723 in the current fiscal year, compared with deficit of $875,087 in year ended Oct. 31 last. This is in spite of an increase of $422,000 in debt service and carrying charges this year.

The issue is closely held by institutions and current price is strong at about 99½-100.

Bond Index—

The D. B. S. index of long-term Dominion of Canada bonds at 114.6 for week ended July 18 was up 0.2 from the previous week. It was off 4.8 from the same week of last year and up 0.3 from the corresponding week of the previous month.

* * *

Bond Index

DOMINION OF CANADA
Long-term Bond Index

	Latest week July 12-18	Preceding week July 5-11	Weekly average year ago
Price	114.6	114.4	119.4
Yield	72.7	73.0	66.6

Bond Sales

Milltown, N.B.

Town of Milltown, N.B., has sold $55,000 4% debentures, dated July 1, 1940, and maturing 1941-55, to T. M. Bell & Co., F. J. Brennan & Co. and Eastern Securities Co. to yield 4.15 to 4.80%.

* * *

Moncton, N.B.

Wood, Gundy & Co. and Eastern Securities Co. are offering $327,500 5% City of Moncton, N.B., sinking fund bonds dated July 1, 1940, due in 1960. The offer is being made at 101.91 for yield of 4.85%, and proceeds of the issue are for waterworks and paving.

* * *

Hespeler, Ont.

Harrison & Co., has purchased a $14,000 issue of 3½% Hespeler, Ont., installment debentures, due 1941-55, at cost of 3.38%. Proceeds of the issue are for an addition to the town's sewage disposal plant.

List of bids follows:

Harrison & Co.	100.826
Harris, Ramsay & Co.	100.77
Wood, Gundy & Co.	100.37
Mills, Spence & Co. (option)	100.00
Burns Bros. & Denton	99.77
Fairclough & Co.	99.11
Dyment, Anderson & Co.	99.11
J. L. Graham & Co.	99.04
Dominion Securities Corp.	98.75
F. L. Craig	98.22
Bell, Gouinlock & Co.	97.08

* * *

Amherst, N.S.

W. C. Pitfield & Co. has been granted a 30 day option on a $28,000 issue of town of Amherst, N.S., debentures, at 97.58. Dominion Securities Corp. asked an option at 97.50. Proceeds from the issue will be used for construction of a municipal airport.

Bond Tenders

July 27 — Vermilion Municipal Hospital District No. 2—$25,000; 6%, 20-installment debentures. F. J. Richardson, sec.-treas.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
J. B. Stetson (Can.)	7%	1943	Aug. 1	103
Dom. Tel. Secs.	*5½%	1978	Aug. 2	par
Riordon Pulp	6%	1942	Dec. 31	105
Eastern Car	6%	1952	July 31	†
Ont. Power	5%	1943	Aug. 15	‡
Can. Machinery	6%	1940	Aug. 1	110

*For sinking fund purposes $4,700.
Calling for tenders for †$46,972; ‡$125,000.

All Newsprint Stocks Record Small Increase

From Our Own Correspondent

MONTREAL.—Apparent total of North American newsprint stocks at the end of June was 682,911 tons. This compares with 669,642 tons at the close of the previous month and with 655,768 tons at the end of June, 1939.

The increase was due solely to higher publishers stocks. During June, 42,422 tons were added to the apparent total stocks of all U. S. publishers. This was offset in part by a reduction of 29,513 tons in manufacturers' inventories, resulting in a net increase of 13,269 tons in continental stocks.

Dom. Engineering Enlarge Lachine Unit

MONTREAL. — Dominion Engineering Works has let the general contract to Foundation Co. (Quebec), subsidiary of Foundation Co. of Canada, for construction of a $70,000 addition to the Lachine plant.

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application

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Pulp & Paper

Income Up: Stocks Static

Market Fails to Reflect Sharp Gain in Earning Power This Year

MONTREAL. — Sharply increased earnings, both actual and in prospect, have not been reflected in the market value of newsprint securities. As a group the newsprints have followed the same trend as the general market. Values have been low in comparison with those prevailing in the past two years.

At this stage one of the principal factors in keeping security values low is the effect which the excess profits tax will have on earnings. There is still a considerable amount of confusion as to how the new legislation will affect junior equities. Consequently there has been a lack of speculative interest, even though it is known that a company may be doing considerably better than a year ago.

Big Year in Prospect

The newsprint companies are unquestionably making more money now than has been the case for several years and unless there is a sharp break in the situation during the last half of the year, earnings for 1940 will be well in excess of 1937. Despite this outlook securities have not shown any material improvement, though of late bond values have risen.

One point which appears to be understressed in connection with the newsprints is that application of the excess profits tax will not bear as hard on newsprint manufacturers as in the case of other manufacturing groups. The newsprint industry is quite definitely in the "depressed industry" class and special provisions will be made as regards payment of the excess profits tax.

Just what concessions will be made to companies in this group is not known. However, when it is considered that for some years now earnings have been wholly inadequate volume of business. This the ment; that depreciation reserves are inadequate; that the industry is an important source of U. S. exchange; it is reasonable to assume that the tax authorities will treat the industry generously.

Excellent Abitibi Showing

Having this in mind it is interesting to note the operating results of some of the companies for the year to date. For example Abitibi had a gross income in the first six months of $3,448,957. This was nearly 250% greater than in the like period of 1939 and 75% more than in the first half of 1937.

After deduction of depreciation for the six months on the same basis as for the past two years, or $892,500 for the half year, balance of earnings available for bond interest was $2,556,457, equal to 1.92 times the period's bond interest of $1,326,000, including 10% exchange premium.

Despite this fine showing the bonds of the company are still selling at a substantial discount, while there has been practically no reflection of the betterment in the market value of the equity securities.

Other Companies Prosper

Lake St. John Power and Paper Co. is another company doing well this year. It is understood that for the first half, net earnings were sufficient to cover bond interest for the full year.

Brompton Pulp and Paper Co.'s improvements in earnings is reflected in the action of the management in declaring a dividend.

St. Lawrence Paper Mills are doing much better and revenues for 1940 will be the highest reported in several years.

Consolidated Paper Corp. has continued to improve its position. While interest for the half year was paid in stock, indicating a net working capital of less than $10 millions, still it would not be surprising to see net working capital well above that figure by the end of the year. This implies a considerable improvement in banking position.

Price Bros. & Co. has not issued any interim figures. However, the mills of this company are known to be big money makers, giving an adequate volume of business. This the company has had. Consequently it is expected in a number of quarters that for the current year the company will show probably as much as $3 a share on the common, if not more.

Bathurst, a comparatively small producer of newsprint, has been putting fat on its bones over the past six or nine months. The demand for newsprint, as well as the other products of the company, has been well above average.

Donnacona is also understood to be earning considerably more than a year ago. And so on down the list..

As a group the newsprint companies will undoubtedly make a better financial showing than any other industrial section in the Canadian economy, as far as 1940 is concerned.

Ready to Respond

The expectation is that the newsprint companies will be permitted to retain a larger proportion of the increased earnings than other manufacturing divisions. Accordingly the expectation is that when buying comes into the market, the newsprint securities will respond rapidly to both investment and speculative buying.

The trend of newsprint security values for the current year follows:

	1940 Current	High	Low
Abitibi, 6% pfd.	4⅛	17⅛	2
Bathurst, A	9⅜	15⅝	6½
Cons. Paper	3⅞	8½	3⅛
Donnacona, A	4¼	10	3½
Lake St. John	9¼	28	12
Maclaren	11	22	9
Price Bros.	10¾	24	9
St. Law. Corp.	2½	5¼	2
St. Law. Corp., A	13⅛	21	10⅜

Sharp Growth In Pulp Trade

Dollar Value Gains 200% in June Over Last Year

From Our Own Correspondent

MONTREAL. — Canada's export pulp trade jumped nearly 200% in dollar value last June compared with the same month a year ago, according to returns of the Dominion Bureau of Statistics. The value of trade last month was $5,779,624, as against $1,925,282 in June, 1939. By far the largest share of the pulp exported went to the United States.

The improvement in dollar value is reflected in quantity of exports, though, of course, the former has not increased to the same extent in all cases. The demand for all grades of chemical pulps shows a sharp increase over last year's figures, particularly for bleached and unbleached sulphite.

Demand for Groundwood

One interesting feature of the export trade last month was the gain in mechanical or groundwood exports. The aggregate shipments amounted to 25,395 tons, compared with 6,807 tons a year ago. The trade was divided about 4 and 3 as between the United States and the United Kingdom.

Particulars of the pulp exports last month, with comparative figures for June, 1939, by tons follow:

Exports of Canadian Pulp
(June—in Tons)

Type	1940	1939
Sulphate	11,538	8,282
Sulphite, blch.	40,154	18,801
Sulphite unblch.	27,281	7,234
Mechanical	25,395	6,807
Other	1,143	470
Screenings	411	859

Canada Shipping Paper to U. K.

Deliveries to Newsprint Supply Co. Were Started Last Month

From Our Own Correspondent

MONTREAL.—Deliveries of Canadian newsprint under contract to the Newsprint Supply Co., representing a group of English publishers are well under way.

The first two of the fleet of ships being used to send newsprint from Canada and Newfoundland arrived in England about three weeks ago. Each ship unloaded 5,000 tons of paper, one at Liverpool, the other at London docks.

Plans call for exporting 325,000 tons of newsprint during the next 12 months.

Get More Ships

The Newsprint Supply Co. has completed arrangements for chartering eight ships to get the paper from Canada. These ships belong to British International Paper Ltd., Anglo-Newfoundland Development Co. and Bowater-Lloyd Newfoundland, the three companies having agreed to pool the ships for common benefit.

Arrangements have since been made for more ships to be added to the "pool" fleet.

Canada Supplies More Newsprint

From Our Own Correspondent

MONTREAL. — United States newsprint users secured 67% of their total requirements from Canadian sources in the first half of 1940. This contrasted with 60% in the same period a year ago, according to the Newsprint Association of Canada.

Newfoundland doubles its shipments to the U. S. this year, while the domestic mills maintained their position. The gain reported by the Canadian and Newfoundland mills was at the expense of Scandinavian mills which supplied only 2% of requirements this year, as against 10% a year ago.

International Paper Defers Bond Plan

From Our Own Correspondent

MONTREAL. — International Paper Co. announces that the proposed offering of first mortgage bonds has been postponed by the company and its underwriters.

It had been expected that the financing plan could be completed before August 1 in order to permit all of the company's 6% refunding mortgage bonds on the redemption date, September 1, but it has been found impracticable to carry out the original time schedule.

Abitibi Profits Climb Higher

Enjoys Best Six Months Since 1930 — June Figures at Record

Net earnings of Abitibi Power & Paper Co. continue at a high level, and the company has concluded with June what probably have been the best six months since 1930. Net earnings, before depreciation and bond interest, totalled $3.4 millions in the six months, up nearly 230% from the same period of 1939.

June figures were $885,862, before depreciation of $148,750 and bond interest, including interest and unpaid interest, of $286,585. The company received $108,104 as premium on U. S. funds last month.

The figures are almost 4½ times as high as in the same month of last year. Net earnings in June, 1939, totalled $199,330, while May, 1940, figure was $817,457.

Monthly Earnings

	1940 $	1939 $	Incr. %
January	447,776	162,297	175.90
February	389,594	125,556	210.30
March	383,152	150,400	154.76
April	525,116	175,446	199.30
May	817,457	237,830	243.71
June	85,862	199,330	344.42
6 mos.	3,448,957	1,050,859	228.50

Indicated newsprint shipments for July are stated by G. T. Clarkson, receiver and manager, to be about 47,000 tons, almost as high as the level reached in June and compared with 22,199 tons in July, 1939. For bleached sulphite pulp, estimated July shipments are 7,750, somewhat higher than in June and comparing with 2,983 tons in July, 1939.

For 1940 to date, Abitibi has shipped 204,780 tons of newsprint, compared with 140,296 in the first six months of 1939 and 125,207 in the 1938 period. Bleached sulphite shipments have reached 35,947 already this year, compared with 19,288 tons for the first five months of 1939 and 14,253 in 1938.

Shipments of newsprint in June totalled 48,946 tons, compared with 48,597 in May, 1940, and 24,239 tons in June, 1939. Shipments of sulphite pulp in June totalled 6,658 tons, compared with 6,611 tons in May, 1940, and 2,863 in June, 1939.

Anglo Pulp & Paper Change Capital

Plan Converts Preferred And Common Into One Class of Stock

From Our Own Correspondent

MONTREAL. — Anglo-Canadian Pulp and Paper Mills Ltd. has taken out supplementary letters patent covering the compromise arrangement approved by shareholders for the recapitalization of the company.

The plan approved provided for the conversion of 80,000 preferred shares of the par value of $100 each into 120,000 no par value common shares; converting the outstanding 135,000 common shares into 9,000 shares; and increasing the capital stock to 1,500,000 no par value shares, by the creation of an additional 1,371,000 shares.

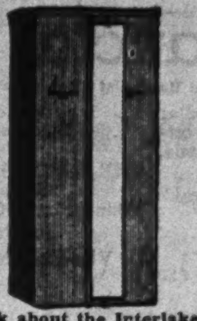
The new letters provide that the amount of capital with which the company shall carry on its operations shall be $7.5 millions.

U. S. Newsprint Use Rises 8% in June

From Our Own Correspondent

MONTREAL.—Consumption of newsprint paper in the United States during June by the 421 newspapers reporting to the American Newspaper Publishers Association amounted to 241,639 tons. This contrasts with 224,386 tons in June, 1939 and 208,845 tons in the same month of 1938.

Cumulative consumption by the reporting members for the first half of 1940 totalled 1,429,237 tons. As these papers account for approximately 77% of the total U. S. consumption, the apparent over-all consumption for the half year was 1,856,152 tons. This represents an increase of 7.1% over the first half of 1939 and 7.5% over the like period of 1938.



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TORONTO, JULY 27, 1940

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Post believes the situation demands:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Reorganization of war department and appointment of one supreme authority, competent to plan, determine and programme our war needs.*
3. *Appointment of non-political industrial co-ordinator with complete authority to direct procurement of munitions and supply.*
4. *Fullest co-operation and co-ordination—military, industrial and financial—with the United States as well as with Great Britain.*
5. *Pay-as-we-go policy, in so far as consistent with "total" war. Elimination of public and private waste.*

A Pig in a Poke

If Parliament is kept for several weeks to thrash out the untimely unemployment insurance measure it will be largely because of the unconscionable governmental habit of playing pig in a poke with legislation of this type.

Here is a measure under which something like $25 millions annually will be collected from more than [illegible] million wage earners.

It will impose as well a direct production tax of $25 millions on Canadian industry.

It will cost taxpayers at large a further $15 millions for cash contributions and administrative costs paid directly by the federal treasury.

Few measures ever passed by any government in Canada in normal times will have so far-reaching and permanent influence on Canadian life.

Yet not until the bill was printed and submitted to Parliament last week was a proper opportunity given workers and employers to study and discuss this measure. Only at the tail end of a session devoted primarily to Canada's war effort are those most intimately affected by this measure allowed, for the first time, to view and dissect it. In a few hurried days they are forced to carry on a hasty, rear-guard action to ensure wise and sound conditions in an act which will affect our well-being for possibly all time to come.

Mr. King's administration is not alone in this regard. But it has been a flagrant perpetrator of these legislative jack-in-the-boxes.

Equally inexcusable, for example, was its foisting of the Central Mortgage Bank bill on the country without prior consultation with those who were going to be called on to administer and operate the act. Similar examples could be cited for many provincial authorities and for previous federal governments.

Parliamentarians will argue that experts and special interests have plenty of time to present their views when bills such as these are in committee. But this is no satisfactory answer.

All too often these committees are little better than political sounding boards. As in the case of the present Unemployment Insurance Act they provide little time for adequate study and discussion. They invariably put those who wish to make representations in the disadvantageous position of suppliants.

There are scores of examples in jurisprudence of costly and disputatious matters which need never have arisen if framers of legislation had had the wit and courtesy to first discuss their plans with those who have intimate and practical knowledge of the matters in hand. Yet there is increasing abuse among lawmakers of this simple and important consideration.

High up in the list of things for which we are now fighting is the administration of democracy free from such usurpations of authority on the part of bureaucratic lawmakers.

Mr. Howe is No Superman

Administration of civil aviation, meteorological and radio services, broadcasting and Trans-Canada Air Lines have been taken away from the Department of Transport and vested in the Department of Munitions and Supply headed by the Hon. C. D. Howe. Mr. Howe, as the former Minister of Transport, gave up the railways and, as it is freely said on Parliament Hill, much against his will.

Control of the Department of Munitions and Supply is a full-time job. Why then should the minister take on such responsibilities as civil aviation, meteorological and radio services, broadcasting and Trans-Canada Air Lines?

Mr. Howe gave an over-all answer in the House of Commons. He said that the aviation branch of the Department of Transport is in charge of the construction of the new airports in connection with the air training scheme and that the weather service and radio beam were also part of this scheme. For that reason, Mr. Howe added, the Prime Minister "felt that in dividing the department it might be as well to place that part of the department in the war service group." The arrangement is that the Deputy Minister of Public Works and Transport report to Mr. Howe on these particular matters.

Mr. Howe's explanation is not convincing nor does the arrangement increase public confidence in the makeshift cabinet changes made by the Prime Minister.

If these special operations of the Department of Transport can be properly placed in the "war-service group," then they should be under the direction of the Hon. C. G. Power, Minister of National Defense for Air. Moreover, it is neither advisable nor does it make for efficiency to have the Deputy Minister of Transport report to the Minister of Public Works and Transport and the Minister of Munitions and Supply.

Control of the Department of Munitions and Supply is by all odds the biggest job in Canada at the present time. It is a job made unwisely burdensome by Mr. Howe's failure to separate policy-making from administrative responsibility, and place control of supply under a qualified industrial administrator.

The added burden of Trans-Canada Air Lines, Canadian Broadcasting Corporation, civil aviation, meteorological and radio services should certainly not be left for Mr. Howe to administer as well.

Profits and Prices

What percentage of profit should industry be allowed to make on war orders? Already almost as much time has been spent on discussing that point as on getting equipment built and shells manufactured.

Control of profits is important. But what is profit?

The profit any industry makes is a much smaller consideration to society than the price at which it turns out the goods. Particularly in respect to war production, it is what the taxpayer finally has to pay that counts.

Profit may bear no relation to price. During the last war Canadian factories were given orders for a certain size of shell at $5.80. This was what it had cost to produce these shells at English arsenals. Small orders were given and the Canadian firms broke even or made a small profit. As production speeded up, they were able to reduce their prices. Soon they were being paid only $3.80 per shell.

Finally one big company went to the buying authorities and said, in effect: "With our experience we can slash this price in three. Give us a big enough order to warrant a new plant installation, let us produce the shells any way we like and we will take the order at $1.25 a shell."

They were told to go ahead. They made the shells, hundreds of thousands of them, at $1.25.

They continued to make them at this price despite rising wage and material costs. At one time they were paying workers up to $24 a day. Yet they made a profit.

Indeed they probably made larger total profits on a large number of shells at $1.25 apiece than they were able to make on a smaller quantity of shells at $3.80 apiece.

The political mind can never grasp the significance of simple facts like that. But every industrialist knows that if orders are placed in a way that will permit each factory to use the most modern production methods; if manufacturing specifications are of a nature to permit the use of the most highly developed techniques, then costs can be cut fantastically and without loss to labor.

The political mind worries about how much profit is to be made on a contract and not on how cheaply—and quickly—the goods can be produced. That is why there is always a colossal waste of money in war supply until the whole business is placed in the hands of an experienced industrialist with power to draft capable assistants, and power to get things done in his own way — which will always be the cheapest and speediest way.

Wartime Salesmanship

Every salesman and merchandiser has two jobs to do these days. There is the job of giving a "lift" to public morale, as well as the job of selling a particular product or commodity.

Life insurance companies in Canada are doing both these jobs well by an arresting, "confidence-building" series of advertisements, the first of which appeared this week. The first advertisement has as its theme the challenging plea for "cool heads . . . strong hearts," made not long ago by Hon. James L. Ralston in a public address.

In Great Britain, some of the most trenchant appeals to patriotic action in this war have been made by public-spirited groups and corporations. Sometimes these advertisers have little to sell themselves, because the fortunes of war have reduced the demand for their product. But they have helped their countrymen keep chins up, by powerful and inspiring messages of a patriotic nature.

In war as well as in peace, the institution of life insurance has an important and compelling story of its own to tell—the story of its inherent strength and capabilities. It is doubly inspiring, therefore, to see the co-operative message of these companies (as well as that of many individual firms) joining to support and strengthen our national morale.

Vacation Reading

What books do you read in your vacation?

Before holidaying in Colorado, Republican candidate Wendell Willkie bought five volumes he "intended to read." They were: "The Heart is a Lonely Hunter" by Carson McCullers (fiction); "Margaret Fuller—Whetstone of Genius" by Mason Wade (biography); two books on economics: "Too Big" by Morris L. Ernst, which develops the Judge Brandeis theory that big business defeats its own ends as well as the general public's ends, and "Capitalism the Creator" by Carl Snyder, who thinks capitalism has been and is a good thing and doesn't care how big it gets; also a volume on jurisprudence, "The Dissenting Opinion of Mr. Justice Holmes."

U. S. voters, thinks the New York Times, may rejoice at Mr. Willkie's literacy. It looks on this as an excellent list for a prospective presidential candidate.

Few of us aspire to presidential responsibilities, but all of us can add to our mental stature and enjoyment by wise choice of vacation reading—especially in times like these.

Wharfage at Baie-des-Sables

J. S. Roy, M.P. for Gaspé, P.Q., has been asking some searching questions about various phases of government business which interest him.

One of these has to do with the amount of money voted to the community of Baie-des-Sables for a wharf in 1939.

According to the Hon. P. J. Cardin's reply, the amount voted in that year for this purpose was $25,000.

But the amount actually spent for a wharf in that community in 1939 was $76,833. This in a community with an estimated population of 2,000 people.

Fortunately the contract has been closed out, due, according to Mr. Cardin, "to war conditions." But how many harbors and wharves in the Province of Quebec and elsewhere cost the taxpayers of Canada in one year three times the amount voted for them?

Editorials in Brief

A New Era in commercial flying began a few days ago with the successful conclusion of the swiftest flight ever made with passengers across this continent. A four-motored ship completed an overnight high-altitude flight from Los Angeles to New York in 12 hours and 13 minutes. The speed was made possible by going to an altitude of 17,000 feet (more than 3 miles) by use of a sealed, supercharged cabin.

A similar flight from Vancouver to Montreal could be made in about 11 and one half hours compared with the present 17-hour schedule.

* * *

Visitors to any of the hotels in Niagara Falls, Ont., receive a special edition of the Niagara Falls Times with a flaming red headline across the top of page one. The headline reads:

"Niagara Greets John Q. Smith, Best Wishes for a Pleasant Visit."

Whatever the visitor's name, it appears in the headline.

There will be several of these tourist editors of the Times this summer. Altogether they are expected to have a circulation of 50,000. Each one is filled with stories about where to go in Canada and what to do. Emphasis is put upon the freedom from restrictions upon travel in Canada.

All copies delivered to hotel guests are taken away by the guests when they leave. No copy has ever yet been left behind. Thus the newspapers, with their story of Canada's travel attractions, are passed from hand to hand all over the United States. Visitors ask extra copies and these have been sent to every state in the Union and several foreign countries.

The publisher of the Times is a young man. He is 26. His name is W. A. Jordan. He lives at Chippewa, near Niagara Falls. It will be admitted that he has a brilliant idea and is turning it to good account.

The Canadian Editorial of the Week

Mackenzie King, a Statesman—and a Politician

Canadian Statesman, Bowmanville

Hon. W. L. Mackenzie King is the most highly educated man ever to hold the premiership of Canada. His university degrees are earned degrees. He is level-headed, far-seeing, and holds a very high place among the statesmen of the world.

He has few peers in sheer brain-power. No one can deny that he has a masterful grasp of both domestic and international affairs.

He has earned our praise and high respect for his able, wise guidance—in peacetime.

Thoughtful Canadians of all parties must concede that he has had a very large share in building for Canada an honored place among the nations of the world.

But, Mackenzie King is also a politician—and a very able one. His hold on party loyalty is remarkable. His followers in the House deservedly owe him allegiance—in peacetime. This means unity and continuity of policy.

All of which, in normal times, under our party and representative system, is right and proper.

But, today, we are at war!

Gradually but surely, we believe, a feeling is growing in this country, among all parties, even the Liberal party, that a change must be instituted at Ottawa; a change such as that which, inevitably, in Britain, always takes place in times of crisis.

Chamberlain, the deliberative "appeaser," was replaced by Churchill, the man of action.

Asquith, the intellectual, had to give way to that masterful and matchless little Welshman, David Lloyd George—at the quick insistence of the common people of Britain—who sensed danger.

It is all a matter of the intellectual versus the executive—in wartime.

Mackenzie King is an intellectual rather than a wartime executive. He cannot shake off the obsession of partyism. His duties, we know to be immense and this preoccupation may have influenced his recent appointments upon strictly party lines rather than upon national lines. Too many of his subordinates and followers in the House are still playing the party game when their country should receive first consideration.

This must stop—and at once, if Canada is to render an effective service in this war.

We must come to realize ere long that we are in full partnership with Britain in this war and must parallel her course, share her privations, stand shoulder to shoulder under the leadership of some strong, forceful, dynamic personality. An executive rather than an intellectual.

Sayings of the Week . . .

"If a war could be won on paper, we should be masters."—*Senator Meighen.*

"Because a man is able to write P.C. after his name it does not follow that he has anything more than ordinary ability."—*Senator Tanner.*

—Cartoon by Grassick.

NO TIME TO LEARN TO RIDE THE BICYCLE.

Post-Scripts . . . . .

Narrow Escapes

There have been many narrow escapes in France and Belgium since the blitzkrieg started. A bomb just missed William C. Bullitt, U.S. ambassador to France. But Yves Lamontagne, late Canadian trade commissioner to Brussels, and recently appointed to the Wartime Prices and Trade Board in Ottawa, missed death from two bombs that failed to explode. One of them left a 12-foot crater at the corner of Mr. Lamontagne's house in Brussels. It undermined the foundations and the whole corner of the house fell down. Another bomb fell in the street, and the impact shattered walls 300 feet away. But it also did not explode.

YVES LAMONTAGNE

Mr. Lamontagne was in his Brussels house when those bombs fell, heralding the Nazi assault on Belgium on May 10. Two days later he escorted ladies of the Canadian and British official staffs in Brussels on a flight to Paris. The Department of Trade and Commerce then instructed him to return to Ottawa. He sailed from St. Nazaire, France, on the liner Champlain, now at the bottom of the Atlantic after striking a mine. On the Wartime Prices and Trade Board he replaces Charles Hébert, who has joined the Canadian army. Mr. Lamontagne serves as the bilingual member.

* * *

Yves Lamontagne graduated from McGill University in 1915 and joined the army. He served with the Royal Engineers in France and was attached to the 15th Division of the Imperial Army. He was transferred to India, where after four and a half years in uniform he was demobilized with the rank of captain. He was in private employment in Montreal and then in the engineering department of the City of Montreal until he joined the Department of Trade and Commerce as junior trade commissioner in 1923. He was appointed assistant commissioner at Brussels in 1924 and trade commissioner in 1925, the year he represented the department at the Wembley Exhibition in London. From 1927 to 1930 he served on a commission created by the Egyptian Government to prepare a new customs tariff for Egypt. When this work was completed Mr. Lamontagne was appointed trade commissioner at Cairo, a new post.

In six years at Cairo he found many new markets for Canadian products. His territory covered a dozen countries of the eastern Mediterranean, southeastern Europe and the Near East. He introduced to these markets such products as Canadian railway ties, radium, canned goods, silk stockings, rubber goods, and many others. In Sept., 1936, he was reappointed trade commissioner in Brussels, where he served until screaming sirens of that air raid on the morning of May 10 ended Canadian trade in Belgium.

* * *

"One-Match" Gaherty

Geoffrey Abbott Gaherty, known to his close associates as "One-Match" Gaherty, has been elected to the important post of president of the Canadian Electrical Association. It might be well to explain his old nick-name before outlining his career. First thing in the morning Mr. Gaherty lights a cigarette from a match. Thereafter he lights one cigarette from another. No one knows just how many cigarettes he smokes during the course of a day, but his associates are willing to swear he uses only one match.

Dickinson's Landing claims him as a native son; Dalhousie is his Alma Mater. After graduating from "Dal" with an engineering degree, his first job was on the Stave Falls development, near Vancouver. He was employed there as an assistant engineer and later as a designing engineer from 1909 to 1914. The war interfered with his engineering career and for the next four years he served with the Artillery at Halifax, in England and France.

After 1914-1918, Mr. Gaherty entered the employ of the Keeley Silver Mines, in the Cobalt district, on mine surveying and mill construction. After a couple of years of this work he joined the Montreal Engineering Co. as assistant engineer. He has remained with this company, advancing to the post of president.

* * *

Montreal Engineering is closely identified with Royal Securities Corp. and it is not surprising to find that Mr. Gaherty holds executive offices with other utilities in which Royal Securities has been interested in financing. Thus he is president of Calgary Power Co., Ottawa Valley Power, and Prairie Power Co. He has also interested himself in various South and Central American utility properties and is a director of Demerara Electric Co.

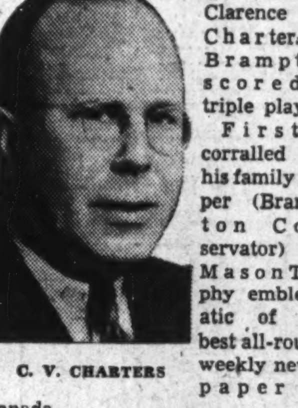
The C.E.A. is one of the more important professional bodies in the Dominion. It exercises a strong bearing on the policies of the utilities across the country and in times like these the head of the association is called upon to assume important responsibilities. With his training in war and peacetime, Mr. Gaherty will be able to handle the task to the satisfaction of all.

We are sorry we cannot present a photograph of Mr. Gaherty. The only one available was taken years ago and neither Mr. Gaherty nor his wife like it. He has not faced the camera's lens for a long time.

* * *

Triple Play

This month in Calgary, at the 21st annual meeting of the Canadian Weekly Newspapers Association, husky, aggressive Clarence V. Charters of Brampton scored a triple play.



C. V. CHARTERS

First he corralled for his family paper (Brampton Conservator) the Mason Trophy emblematic of the best all-round weekly newspaper in Canada.

Next, he walked off with the David Williams Cup awarded for the best editorial page among weekly journals with a circulation exceeding 2,000.

Third, he got himself re-elected for a sixth term as managing director of Canadian Weekly Newspapers Association.

* * *

Newspaper experience runs pretty deep in the Charters family. Sixty-four years ago, Samuel Charters (father of Clarence) started to work at 6.45 a.m. as printer's devil in the office of the Brampton Conservator He was only 13 years old. His pay was $40 a year in "store goods." After a few years apprenticeship at Brampton and at Woodstock he returned to his home town and bought the Conservator.

That was just 50 years ago.

Now his two sons, Clarence and Reginald, not only run the Conservator but four other weekly newspapers in Peel and York counties, as well as a substantial job printing and publishing business. Another son—Major the Rev. Harry P. Charters—is Chaplain to the Canadian forces at Aldershot.

Added to this, the third generation of Charters is now in the business. Young Sam (Clarence's eldest boy, age 19) is on the reportorial staff of the Conservator. One of his specialties is news photographs. His equipment and technique are the match of many a big-time daily. Samuel Jr. and his 17-year-old brother (Bob) are both in the militia.

* * *

Clarence Charters is now 48. Like his father before him, he too started work as a printer's devil at Brampton. At age 14, after one year at high school, he thought he knew all there was to be known about the world outside the printer's shop, so he started to work.

But learning his trade wasn't a full-time job.

Brampton has always been famed for its lacrosse team and in 1912-1913 when the "Excelsiors" won an Ontario championship, Clarence Charters was the 117-lb. "inside home" for the winning Brampton team. A year later when the team went to western Canada in the Mann Cup finals, Clarence went along and got his first glimpse of western Canada. He has been back several times since on weekly newspaper business—twice in his capacity as managing-director of the C.W.N.A. to arrange and sponsor the national conventions which have become increasingly important events in Canadian journalism.

* * *

This is the sixth year that Mr. Charters has been managing director of the C.W.N.A. In that time its membership and revenues have soared steadily. It is now unquestionably gaining in influence although the number of papers enrolled was considerably greater 20 years ago. Mergers and absorptions have since cut down the available membership but have strengthened the position and influence of those papers that do remain. The association's vitality and enterprise are a direct reflection of the energy and enthusiasm of their executive officer.

To Clarence Charters the job of managing a flourishing publishing business as well as half a dozen community enterprises and a country-wide newspaper association are all part of the game. They constitute the variety and diversion that to him are the spice of life. Liberally sprinkled among these activities is golf which has replaced lacrosse as recreation. Mr. Charters found time for more than 60 holes during his Calgary trip.

The rest of the time is spent commuting the 25 miles between Toronto and Brampton. The Charters Publishing Co. of which Clarence is vice-president and general manager, maintains offices in Toronto as well as in Brampton. Three Charters papers are on the outskirts of Toronto—the West Toronto Weekly, the St. Clair Weekly Times, the Mimico-New Toronto Advocate. The fourth is the Weston Times and Guide.

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Samuel Charters Sr. is still in good health at age 77. He was born in Peel County of Irish parents. From 1917 to 1935 he served his community as Federal Conservative member in the House of Commons and never suffered a defeat. Previous to that he had been mayor of Brampton and local member in the Ontario Legislature. He too was a great lacrosse player in his day.

Today the Conservator tries hard to be independent (despite Sam Charters long association with Conservative politics) though its proprietors stand out against any possibility of their independence becoming vapid neutrality. A few years ago the Conservator bought out its Liberal rival "The Banner & Times." Today it finds home town competition (political and otherwise) as keen as ever, with the growth and rise of a new (Liberal) rival, the Peel Gazette.

The awards which came the other day to the Charters' Conservator were the results of steady persistent effort to improve the quality of the newspaper where previous weakness had been shown by the annual detailed statements of the judges. It took the C.W.N.A. judges 112 hours to classify over 100 entries in the C.W.N.A. Better Newspapers Competition.

Stop Me If . . . .

Appointment of Hon. Angus L. Macdonald as Minister of Naval Affairs recalls to George James, editor of the Canadian Statesman, Bowmanville, the following incident which occurred in 1936 when the Canadian Weekly Newspapers Association was holding its annual meeting in the Nova Scotian hotel.

"Previous to a banquet the editor had occasion to go into the huge dining room on business and seeing a fine looking man half way down the room dressed in evening clothes we approached him thinking he was the headwaiter. Broaching a question to this immaculately dressed gentleman, to our amazement as well as embarrassment, we learned, when it was too late, that we were addressing the Premier of Nova Scotia and not the head waiter. Was our face red? We'll say it was! An apology was unnecessary as the good natured Premier enjoyed the mistake in identity."

In the Mail . . .

Boss Bricklayer Needed

Editor, The Financial Post:

I have been a reader of your paper for many years and as a Canadian I value your editorial views on Canada and the war. Your suggestion regarding the recall of General McNaughton home for important duties here is sound and I believe in the best interests of Canada and hence of the Empire.

If a major part of Canada's contribution in the war effort is to be a material one what action is to be taken under the National Registration scheme to declare such industries as mining, newsprint, etc., as essential war industries? In your last issue you stated "Our newsprint dollars are an urgently needed part of our war strength. Without them we could not purchase necessary materials in the United States."

As you state we need a "Boss Bricklayer." Keep up the good work.

R. J. ASKIN,
Port Arthur, Ont.

As Others See Us . . . .

Two Separate Jobs

Charlottetown Guardian

To aid him in his important task Hon. C. D. Howe, Minister of Munitions and Supply, has many of Canada's greatest business executives now working for him. Some are "dollar-a-year" men on a full-time basis. Others are part-time executives. Still others are acting as directors of the new buying corporations he is establishing.

Mr. Howe is trying to be both the policymaker and the executive administrator of war supply. There are two separate jobs to be done. As minister, and a member of the Cabinet, Mr. Howe has a big task in co-ordinating the work of supply with other phases of the war effort. If he is to do that job properly he will be much too busy to give effective service in the second job, of getting the supplies that are needed—quickly and economically.

The Post suggests that what the Minister of Munitions and Supply needs is a Sir Joseph Flavelle as chairman of war supply for Canada. The sooner he gets one, the more effective his own work will be.

Modernizing the Annual Report

Woodstock Sentinel-Review

Whoever has had occasion to read the annual reports of our Canadian business houses needs no description of their lack of interest, their very sketchy financial statements, or of their dryly presented facts. A very different picture of what they might be is presented by A. D. Ellwood, investment editor of The Financial Post. Mr. Ellwood is much in favor of touching all annual reports with the wand of modernization.

In view of the lack of personal contact between management, employees, and owners in modern corporations, the function of the annual report takes on a much more important appearance than it previously held. In this modern age of "public relations," "psychological advertising," etc., it is particularly true that the businessman who overlooks the annual report as an advertising medium is ignoring what is perhaps its most important use and to be of value as such a medium, the report must be both readable and worth reading.

Other People's Views . . . !

Unemployment Insurance

La Presse, Montreal

The epoch of heavy expenditures through which we are passing compels all of us to think twice and even three times before assuming new financial obligations.

Everything did not proceed for the best when Great Britain inaugurated unemployment insurance at about the time of the war of 1914-18. It is for the Canadian Government and the Canadian people to very closely examine the ground before Canada, in turn, enters upon an unemployment insurance project.

Close the Toy Banks

Trochu (Alta.) Tribune

Is is not about time the Alberta Government realized that it should do something tangible to help in Canada's war effort? With the object lesson staring it in the face of municipalities, fraternal and patriotic organizations, companies and individuals contributing cash, the Government of this province could stop wasting the taxpayers' money by closing their toy banks and donate the $500,000 yearly cost of operation to Canada's war effort. Another half million dollars a year could very easily be saved.

Trifling With Aliens

Winnipeg Tribune

A German exile who is grateful and loyal to Canada privately expresses amazement at the attitude of the Dominion authorities toward enemy aliens. He is almost tearful in his protests: "I cannot understand why you allow such extraordinary freedom to thousands of aliens like myself, many of whom may be and some of whom doubtless are Nazi agents. Why am I myself, for example, not under much stricter surveillance? Why don't I have to report more often?"

If Mr. Lapointe is looking for a criterion of those to intern, why does he not take membership in rather than only leadership of every Deutscher bund which was shown to be definitely Nazi in its activities?

Patronage Still Exists

Dartmouth Patriot

Patronage with a country at war exists in this district. Patronage hunters are fighting over the spoils when they would be better employed doing something constructive to promote the country's war effort. Patronage is supposed to be non-existent at present, but there are parties locally who have no business in the trucking game who have trucks on the job at the Passage airport job. They are making money through political pull.

Honest straight thinking Liberals and Conservatives will deplore these facts with Canada at war. There is nothing that will defeat a political party quicker than patronage and pull of this description. Leaders of the party in Halifax East and Dartmouth should end this political wire pulling and disgraceful exhibition at once. Both for their good and the good of the Canadian war effort.

Week in Business

Activity in Business Reaches New High

Expansion Shown in Mineral Production, Forest Industries, Iron and Steel, and Construction — Post Index Sets Record

Expansion in Canadian business is reflected in the rise in The Financial Post Business Index. According to preliminary calculations it reached 142.7 in June compared with 136.2 in May and 118.8 in June last year.

The Index in August, 1939, the month before war broke out, stood at 120. So that the current level represents a rise of 19% since that time and exceeds the previous high record established in May by 4%.

While the large 1939 crop, with a minimum price guaranteed by the Government, was undoubtedly a big factor in the business rise, the war demand appears to have been the main factor. Mineral production, the forest industries, iron and steel, and construction have all contributed to the general advance.

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Latest development in the war situation affecting business is the announcement that Canada will build 12 munitions plants to cost $19 millions. These added to plants authorized last week mean a total of new projects amounting to $30 millions. Total plant construction under way or completed, and financed largely by either the Canadian or British Government, now amounts to $80 millions. The annual production of these plants, it is estimated, will be about $400 millions.

This will have a decided effect on various lines of business, apart from the construction industry and the war materials production concerned.

The railways will carry raw materials to the plants and the finished products away. Other industries will supply machinery and tools and materials for making munitions. Electric power plants will supply power for the various industries concerned.

In several spheres production is being speeded up. Recruiting additional units for overseas service and home defense has meant a big demand for uniforms. Automotive companies are busy turning out army trucks of various types.

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Canada's export trade meanwhile continues to improve. Total exports of domestic products in June at $110.8 millions were 45% above last year.

For the first half of 1940 they were $548 millions compared with $403.5 millions a year ago. Exports to the United Kingdom at $248 millions were 62% above last year. Exports to the United States at $192 millions were 32% higher. Carloadings continue to run well above last year, the total for the week ended July 13 at 57,238 being 18% above last year.

Crop conditions in the Canadian West continue favorable in most sections. Where rain is wanted, however, it is wanted badly. On the whole, anxiety now is not so much regarding a good crop generally being harvested as to how it will be stored.

Business circles this week have been busy digesting the Unemployment Insurance proposals of the Dominion Government. In many quarters it is felt that apart from other objections wartime is not a good time to start such a project which requires substantial contributions from both employer and employee, at a time when the burden of taxation for the war is already heavy.

Business Indicators

Current business steady with D.B.S. index of business activity for week ended July 13 slightly lower than in previous week and corresponding week last year.

The Financial Post Business Index for June at new high level, up 4% from previous month and 20% over last year.

Carloadings for week ended June 13 up 18% over last year. Total for year to date up 17% from 1939.

Railway gross earnings for C. N. R. up 54% from last year. Cumulative for year to date up 31%.

Automobile production shows decline in passenger car output in June of about 20% compared with last year. Output of trucks more than doubled.

Automobile financing in June higher for both new and used cars. Totals for six months up 18% and 27% respectively.

Sea fisheries in June show decline in both catch and landed value. Cumulatives for six months up 22% and 4% respectively.

Newsprint exports 31% higher in June, up 23% for six months.

Dressed lumber exports in June 20% higher than year ago. Total for six months up 6%.

Cigarette consumption higher in June. Total for six months up 12%.

Bank debits in June down from year ago. Cumulative for half year 12% higher.

Life Insurance sales down 11% in June compared with 1939. Total for six months up 5%.

Trend of business shown by The Financial Post Business Index, and following key factors, new items for the week being marked thus ▪.

TREND OF BUSINESS—	July 13	July 6	June 29	June 22	July 15/39
Weekly index of business, D.B.S.	102.4	103.4	104.2	104.4	103.1
Commodity prices index no.	81.7	82.2	81.6	81.5	72.8
	June	May	Apr.	Mar.	Year Ago
▪The Financial Post business index	*142.7	136.2	133.5	129.5	118.8
Retail sales index no.	....	89.0	86.9	83.7	80.9
Dept. store sales index no.	80.2	82.3	84.6	76.6	72.1
Wholesale sales index no.	....	127.0	107.5	97.1	106.1
Country store (% change pr. yr.)	....	+8.5	+6.8	+8.8	—2.8
EMPLOYMENT Index No's., D.B.S.	June 1	May 1	Apr. 1	Mar. 1	Year Ago
All industries	120.9	114.3	111.9	113.5	113.1
Manufacturing	129.2	125.7	123.4	122.6	111.4
Wage earners, no. 000's	....	....	2,353	2,304	2,186
▪Living costs weekly budget	$17.72	$17.85	$17.76	$17.75	$16.92
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
▪Carloadings (week July 13)	57,238	48,448	1,409,078	1,206,546	+16.8
▪C.N.R. gross (week July 14) $	5,494,501	3,556,430	123,902,048	94,486,902	+31.1
C.P.R. gross (week July 7) $	3,232,000	2,355,000	78,618,000	64,162,000	+22.6
▪C.N.R. net revenue (June) $	5,561,206	•12,096	16,200,083	•505,417	.....
C.P.R. net revenue (May) $	2,464,383	1,906,955	9,712,951	4,288,025	+126.5
IRON AND STEEL—(May)—					
Pig iron production (tons)	93,254	57,746	460,971	243,716	+89.3
Steel ingots and castings prod. (tons)	174,417	121,413	792,033	472,239	+67.7
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* .. (May)	16,579	14,334	57,004	45,889	+24.2
▪Factory output .. (June)	8,739	10,585	72,286	69,968	+3.3
Trucks and Buses:					
Domestic sales* .. (May)	3,961	3,503	14,066	11,136	+26.3
▪Factory output .. (June)	9,191	3,930	38,626	23,787	+62.6
Exports .... (May)	4,276	5,496	19,594	28,717	—31.8
Financing:					
▪Used .... (June) $	4,859,310	4,259,442	21,453,373	18,230,228	+17.7
▪New .... (June) $	4,018,905	3,246,659	19,807,227	15,617,916	+26.8
CONSTRUCTION—					
Contracts awarded . (June) $	39,097,000	25,196,300	125,435,500	83,445,900	+50.3
Cement prod., bbls. (Apr.)	420,000	274,000	1,067,345	716,917	+48.9
AGRICULTURE—					
Flour prod., bbls. .. (May)	1,282,906	1,191,778	6,397,334	5,634,476	+13.5
Flour exp., bbls. ... (June)	509,308	401,189	3,752,006	2,223,296	+68.7
Wheat exp., bush... (June)	13,570,107	14,637,016	67,702,282	51,313,467	+31.9
Cattle sales▲ ...... (June)	72,661	66,012	449,560	455,161	—1.2
Hog sales▲ .... (June)	324,187	206,611	2,323,432	1,583,816	+46.7
SEA FISHERIES—‡					
▪Catch cwts. .... (June)	805,000	975,800	4,740,650	3,873,750	+22.3
▪Landed value ...... (June) $	1,744,400	2,240,000	6,290,600	6,053,850	+3.9
NEWSPRINT—					
Production, tons ... (June)	315,343	240,545	1,641,987	1,341,084	+22.4
▪Exports, tons ...... (June)	320,654	244,655	1,505,142	1,215,117	+23.8
MINING AND OILS—					
Coal prod., tons ... (May)	1,245,834	1,136,381	7,047,297	5,725,555	+23.1
Coal imports, tons.. (May)	2,372,411	793,212	4,313,023	2,494,295	+72.9
Gold prod., fine oz. (Apr.)	417,600	406,800	1,677,300	1,623,308	+3.3
Crude oil prod., bbl. (Apr.)	634,900	559,400	2,347,459	1,836,066	+27.8
Crude oil imp., bbl. (May)	4,864,457	3,643,726	11,238,400	9,753,800	+15.2
ELECTRIC POWER OUTPUT—(May)—					
Total monthly, 1,000 kw.h.'s	2,671,567	2,333,443	12,389,620	11,498,715	+7.7
FOREIGN TRADE—♦					
Imports .... (May)	100,536,837	72,957,808	405,395,950	257,369,917	+57.5
Exports .... (June)	111,062,425	77,569,799	553,151,798	408,466,341	+35.4
OTHER INDUSTRIAL FACTORS—					
▪Dressed lumber exp.: 1,000 bd. ft. ...... (June)	246,477	205,851	986,305	929,854	+6.0
Shoes, prod., pr. .. (May)	2,192,983	2,038,517	10,974,957	9,399,098	+16.7
Cotton imports, lb. .. (Apr.)	18,300,000	4,467,000	80,174,000	25,142,000	+219.3
Raw rubber imp., lb. (May)	6,699,666	6,733,998	38,312,225	25,199,737	+52.0
▪Cigarette cons. No.† (June)	571,268	657,890	3,696,588	3,293,212	+12.2
Sugar manufactured .. lb.§	101,309,859	94,105,028	383,849,627	301,950,913	+27.2
FINANCE—					
▪Bank debits† ...... (June) $	2,681,585	2,831,082	17,001,690	15,133,304	+12.3
Bond sales† .... (June) $	40,593	105,458	1,139,218	799,370	+42.5
▪Life insurance sales (June) $	28,530,000	32,226,000	18,388,000	178,385,000	+5.5

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to June 15, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Preliminary.
▲Total at yards and plants. •Deficit.
New items for week marked ▪

Keeping Posted • • • •

By J. C. KIRKWOOD

National Breweries, Montreal, keeps records of its trucks something like those of which hospital nurses and doctors keep of their patients.

JOHN C. KIRKWOOD

Take tires, by way of example. Complete histories are kept of all tires used on the company's fleet of 95 trucks. When a tire is purchased, it is branded inside and out with an identification number. Once installed on a truck, the tire remains on that truck for the whole of its useful life. Each tire has its own record card. On this card are recorded the purchase date, its number, truck to which it was assigned, and what wheel it went on. When a tire is removed for repair, there are recorded the date, truck number, speedometer reading, tire number removed, position on truck, tire number put on, make, and driver's name. When the tire is replaced, a record is made. All such recorded information is transferred to a card in a permanent file, which is a veritable life history of the tire. Tires last so well in this National Breweries fleet that deterioration usually sets in before they are worn out. Some tires have been in use for nine or ten years. The average annual cost of new tires and repairs is $9,000, which is less than $10 per unit.

It is not just the inanimates that are so carefully checked and cared for, with a view to preservation, by National Breweries: the company looks after the truck drivers with corresponding care. These drivers are carefully picked and trained. For the most part they are French Canadians, and their ages range from 22 to 63. They are well paid; enjoy pensions on retirement; are accorded free medical examination twice yearly; their dental bills are halved by the company; and when ill they are visited by one of the company nurses. When, finally, they grow unfit for active service, they are put on a reserve payroll.

I make the suggestion to all operators of motor fleets that they read the article, "Solving Maintenance Problems," by G. H. Mosher, in the July issue of Bus and Truck Transport in Canada.

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Grocery Owned Farms

If you owned a flourishing grocery and provision store, in a large city, you might get the idea of obtaining some of your supplies—eggs, fowl, beef, pork, lamb, vegetables, certain fruits—from your own farm, or from certain selected farms. Probably this good idea has been in the minds of many large groceries-with-meats stores, yet it is seldom that you hear of any grocery store having a farm of its own.

Toronto has such a store, and the very name of this store informs you that it has a farm connection. This store is Pickering Farms. It is a super-market store, on Queen St. East. Its proprietor is Harry Arnold—one of a rather famous food-providing family. A brother has a super-market store on Danforth Avenue, Toronto, and a sister is head of the Stoodleigh Restaurants, Toronto. Years ago the Arnolds had the store or stores in Toronto which subsequently became the Stop and Shop stores.

Harry Arnold has been in the retail provision business in Toronto for 45 years. His meat business did not grow out of his farm. It was the other way about. The Arnold farms, totalling 500 acres, lie east of Toronto. On these farms are grown the cattle and sheep which furnish the Pickering Farms store with beef and lamb. Each year from 2,000 to 3,000 lambs from Saskatchewan farms are brought, for finishing, to the Pickering farms, where they are properly fed to provide the kind of lamb the store wants to sell. On these farms are 6,000 chickens. The cockerels are caponized, and so the store is able to supply its customers with choice capons. Another farm product is mushrooms, of which 60,000 lb. are grown each year. Then, too, there are flowers, tomatoes, and cucumbers—hothouse grown.

Only steer beef is sold — from animals whose weight does not exceed 1,200 lb. The wool from the sheep is made into blankets, and these blankets are sold by the store.

Sixty per cent of the three-quarter million dollar sales per annum of the Pickering Farms business is in meats and fish, reports Canadian Grocer.

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Who Buys Cars?

Figures recently released by the Department of Commerce in the United States show that workers earnings from $20 to $30 weekly form the major market for automobiles in the United States—that only 12% of the cars are owned by persons with incomes of over $60 weekly. Here is the breakdown shown by the Department of Commerce:

Weekly Income $	Car Ownership %
10 or less	7.5
10 to 20	20.9
20 to 30	24.0
30 to 40	17.7
40 to 60	17.5
60 to 100	8.1
Over 100	4.3

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Stores Within Store

If you owned and operated a department store, and had a Layette Department, what happy name would you give it? The name of this department in Freiman's, department store, Ottawa, is "Three Little Pigs," and that's a name of swift appeal.

Freiman's have been modernizing their Ottawa store—particularly the second floor—in novel ways. Both planning and color give this floor—for women's and children's wear—its distinction and attraction. There are a number of individual "shops," opening of an 8-foot wide "street." Each shop is identified by a picture. Thus the Housecoat Shop is marked by a flower inset in red, yellow and green. A brown and yellow fox denotes the Fur Shop. Each shop has its own special arrangement and color scheme. Take the Corset Shop, by way of example. It has circular counters with black bakelite tops and circular background walls. Little top-lighted niches in the wall show diminutive mannequins, well-corseted in the current fashion. Front display tables of turquoise are matched by turquoise aisles, leading from the sales floor to large fitting rooms in the rear.

The article in Stylewear telling about these "shops" is illustrated, of course. I make the suggestion that if and when you visit Ottawa—with or without your wife or daughter—you should visit Freiman's second floor, not alone to see something fresh in store arrangement, but also to test the quality of your sales resistance.

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Colossal Fuel Waste

The writer of an article in the July issue of Sanitary Engineer used very strong language: his nouns and adjectives are almost alarming. Here's what he said—in part—in writing of the avoidable loss in domestic heating:

Many adults overlook or seem careless about the fact that boilers, tanks and piping with hot surfaces, exposed to cooler atmospheric surroundings, constantly give off heat. The cost of turning a blind eye to this well-known natural law is terrific, reaching hundreds of thousands of dollars a year throughout Canada. Hundreds of tons of coal are wasted, as are millions of cubic feet of gas, thousands of gallons of oil, and countless kilowatt hours of electricity. The enormous sales possibilities lying around the door steps of practically every plumbing and heating establishment in Canada, due to this colossal waste of fuel, have scarcely been scratched. The first point is that nine out of ten homes in some communities have uncovered range boilers. Warm air piping and hot water piping remain uncovered in approximately every third home.

Now, this accusation of you and me, as producers and consumers of domestic heat, is intended to send us to a doctor of boilers, warm air piping, hot water piping and storage tanks—to have him put an asbestos plaster over our heat-wasting heatmakers, heat-carriers and heat-conservers. The "colossal waste of fuel" of which we are guilty, would, if corrected by insulation, lower very definitely our annual coal bills.

C. N. R. Terminal Outlay Planned

Will Spend $6 Millions More, Bringing Total Up to $28 Millions

From Our Own Correspondent

MONTREAL.—An additional $6 millions will be needed to complete the modified Canadian National Railways terminal in Montreal. To date $22,675,000 has been spent, S. J. Hungerford, chairman of the board told the Railway Committee of the House of Commons.

The committee was informed that up to the end of 1939 expenditure on the terminal—long known as Montreal's "Hole in the Ground"—had been $19,625,000. Expenditures for the current year to the end of June made up a further $1,184,000, while contractual obligations from July 1 would run to $1,866,000, making a total of $22,866,000.

Hon. C. D. Howe, former Minister of Transport and now Minister of Munitions and Supply, replying to a question in committee said that the matter as to whether the C.P.R. had made any proposals toward a union plan in Montreal had been discussed a year ago. He was informed by Mr. Hungerford that the C.P.R. had made no direct approach to the C.N.R.

Auto Sales Gain 50% Over 1939

Sales of autos for private use were accelerated in Canada in June, it is indicated by Canadian Automotive Trade's monthly report on new passenger car registrations in eastern Canada. This possibly reflects increased and hastened buying in anticipation of heavy taxes on automobiles, which materialized in the Dominion budget brought down at the end of June. In April and May sales showed some signs of slackening.

New Passenger Car Registrations In Eastern Canada Leading Models

	June 1940	June 1939	Year to Date 1940	Year to Date 1939
Chevrolet	2,044	1,240	9,722	7,197
Ford	1,554	1,010	7,517	6,275
Dodge	1,412	1,042	8,120	6,120
Plymouth	1,303	1,010	2,066	5,536
Pontiac	743	461	3,372	2,486
McL.-Buick	529	269	2,475	1,769
Hudson	452	302	1,932	1,445
Oldsmobile	436	279	2,034	1,747
Chrysler	357	231	2,080	1,511
Mercury	355	249	1,774	1,452
	9,185	6,093	41,092	35,538

Business Volume Exceeds Any Previous Record

Expansion of business operations continued in June, resulting in The Financial Post Business Index rising to a new high record at 142.7 against 136.2 in May and 118.8 a year ago. The gain was one of the sharpest in the period covered by the record from 1919 to the present. The expansion was due mainly to war conditions. Increased activity was specially noticeable in mining, the forest industries and rail movement.

Major Economic Factors

		June 1940	June 1939	Change %	May 1940
Financial Post business index†		*142.7	118.8	+20.1	136.2
Bank deposits†		130.2	124.8	+4.3	131.0
Gold receipts	fine oz.	422,257	458,960	—8.0	401,431
Sugar manufactured	lb.	107,509,859	94,105,028	+14.2	93,878,138
Cheese, factory production	lb.	24,066,875	22,648,905	+6.3	12,560,604
Butter, creamery production	lb.	40,904,320	41,328,994	—1.0	27,173,130
Newsprint production	tons	315,343	240,545	+31.1	323,563
Cotton consumption	lb.	15,378,128	10,687,801	+43.9	17,754,952
Cigars released	no.	13,133,719	11,511,072	+14.1	15,794,444
Cigarettes released	no.	571,268,307	657,890,220	—13.2	806,275,320
Automobile production	no.	17,930	14,515	+23.5	21,277
Carloadings	no.	239,582	194,502	+23.2	236,969
Contracts awarded	$	39,097,000	25,196,300	+55.2	28,093,800
Building permits	$	7,231,786	10,085,971	—28.3	7,849,970
Bank debits	$000	2,681,585	2,831,082	—5.3	3,339,395

*Preliminary. †1926=100.

INTELLIGENCE INDUSTRY INTEGRITY

SAVE FOR THIS DATE APRIL 30, 1941

On this date you will be called upon to pay your Income Tax, the penalties for non-payment are severe. Every loyal Canadian should see that this call is gladly and promptly met, the question of penalties is negligible as compared to our duty in the matter.

Income taxes have been increased—but so has our determination to defeat the Nazi Reich. The income tax helps buy the planes, tanks, guns, shells and ships with which our men will smash the power of the enemy. A Savings Account opened at The Bank of Toronto today—and followed by regular deposits—will enable you to do your duty. The Manager of The Bank of Toronto is ready to advise you of the amount you will need—and how best to budget for planned saving.

THE BANK OF TORONTO

Incorporated 1855

TRENDS IN THE FIELD OF INVESTMENT

Facilities for studying the frequent changes in the field of investment and the status of securities are available to this organization through its branches. These facilities are at the disposal of our clients at any of our offices.

A. E. AMES & CO. LIMITED

Business Established 1889

TORONTO

Montreal Winnipeg Vancouver Victoria New York London, Eng.

Wages of Money

Money was meant to work and to earn wages. To keep it lying idle is wasteful.

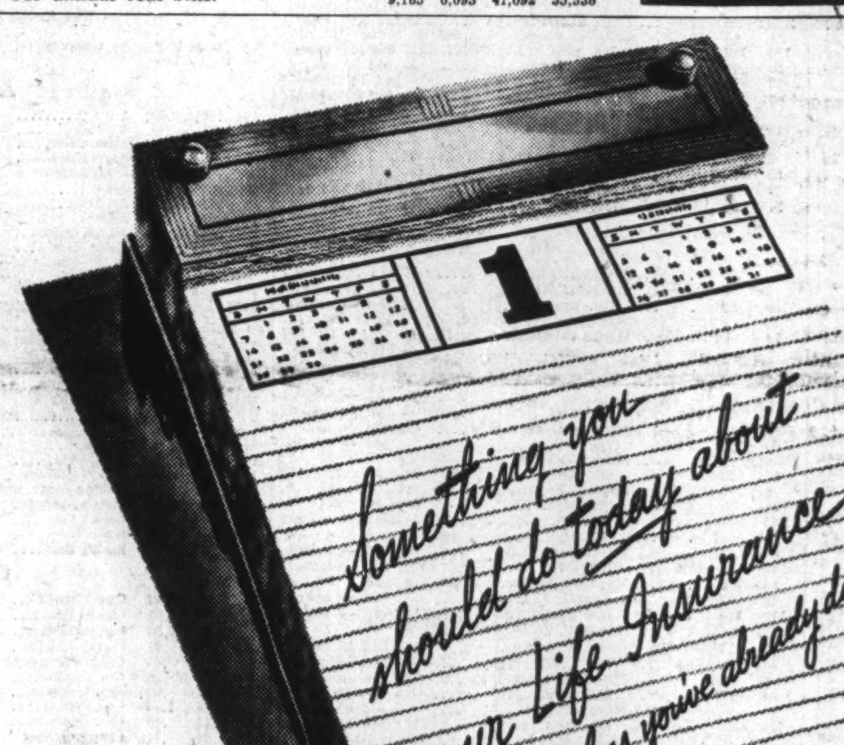
When you put your money to work, you need assurance that it will be safely employed at fair wages; and that if you wish to change its employment, you can do so quickly and without loss, that is, sell the securities in which you have invested.

Write us for a list of Securities in which you may put your money to work at good wages, with the assurance that if you wish to vary the channel of its employment, you can do so readily.

McLEOD, YOUNG, WEIR & CO. LIMITED

Metropolitan Building, Toronto

Offices at Toronto, Montreal, Ottawa, Hamilton, London. Correspondents in New York and London, England.



HAVE YOU READ your life insurance policies carefully—recently?

If not, we urge you to do so, before another day goes by. Examine each policy you own and, when you come to the part about method of final settlement, ask yourself this important question:

"Have I chosen the method of payment, available under my policy, which will be best suited to my own needs and those of my family?"

Most Ordinary policies, as you know, offer a choice of several methods of payment. In the first place, the amount due may be paid to your beneficiary in one lump sum. You may prefer, however, to select one of the other methods, commonly known as "optional modes of settlement."

These options or choices can be divided into three types:

Type 1. Interest Payments. The life insurance company retains the amount due under your policy and pays interest on this sum either for a number of years agreed upon, or for as long as the person to whom it is payable may live. At the end of this period, the principal itself is payable in one sum, to whomever has been named to receive it.

Type 2. Instalment Payments. The company pays from the amount due under your policy, and the interest earnings thereon, stated sums in equal instalments for a specified number of years agreed upon. At the end of the instalment period, the principal will have been used up. Most policies contain a table showing the amount of instalments payable over various periods of time.

Type 3. Life Annuity Income. The company retains the amount due under your policy, and pays a life income to your beneficiary.

There are several forms of life annuity income settlement. Some of them provide for additional payments if the person receiving life income dies before such payments total a certain amount, or before they have been received for a certain length of time. The amount of income is determined by several factors, including the age of the beneficiary at the time payments begin, and the form of settlement which is selected.

In your policy, if it is not a very old one, you will probably find tables illustrating the benefits obtainable under one or more of the life annuity income methods of settlement.

The entire amount due under your policy need not be placed under any one option. Part of the amount due can be paid in a lump sum, and the balance left with the company under one or more of the options. The income is payable, at your selection, either annually, semi-annually, quarterly, or monthly, provided only that each payment is at least $10.

The use of "optional modes of settlement" is not restricted to payments to your beneficiary. Under certain conditions, they may also be applied to payments which may become due to yourself in accordance with the provisions of your policy and in final settlement thereof.

Your Metropolitan agent will gladly help and advise you in determining which of the methods available under most Metropolitan Ordinary life insurance policies seem best suited to your needs and to those of your beneficiaries.

This is Number 27 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

NEW YORK

Frederick H. Ecker, CHAIRMAN OF THE BOARD — Leroy A. Lincoln, PRESIDENT

CANADIAN HEAD OFFICE OTTAWA

THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JULY 22

Range 1940 High	Low	Div R'te $	Jly20 Y'ld %		Sales	Last July 15	Week end. July 22 H	L	Cl'se
				A					
2.50	.50	.	...	Abitibi	6545	.60	1.00	.65	1.00
27½	2⅞	.	...	Do. pref. 6%	2658	3⅞	4½	3½	4½
33	5½	.	...	Do. pref. 7%	....	(8 bid 12 asked)			
6	3		...	Acme Glove	....	(3 bid — asked)			
57	50	6.50	...	Do. pref.	....	(40 bid 49 asked)			
12½	9	80+20c	10	Agnew Surp.	45	10	10	10	10
110	105	7	6.4	Do. pref.	....	(— bid 107 asked)			
3	⅞	.	...	Alta. Pac. Gr.	20	⅞	⅞	⅞	⅞
36	20	.	...	Do. pref.	10	20	22	21½	21½
16⅞	7	.	...	Algoma Steel	309	8½	9	8½	9
100	81	$2.50	...	Do. pref.	....	(82 bid — asked)			
145	80	$3	...	Aluminum	85	92	94	93	93
122	110	6	4.9	Do. pref.	....	(100 bid — asked)			

Range 1940 High	Low	Div R'te $	Jly20 Y'ld %		Sales	Last July 15	Week end. July 22 H	L	Cl'se
22⅞	13½	1	6.5	Ford Motor A.	1403	14⅞	15½	15	
21½	14	1	6	Do. (B)	75	16⅞	15⅞	15½	
.20	.05	.	...	For. Pr. Secs.	....	(— bid — asked)			
15½	6	25c	...	Foundation Co.	25	9	8⅞	8⅞	
20	6	.	...	Fraser Cos.	25	6	7½	7½	
21⅞	7½	.	...	Do. Vot. Tr.	193	8⅞	9	8⅞	
.50	50	.	...	Freiman	....	(.50 bid 1.00 asked)			
38	25	.	...	Do. pref.	....	(32 bid — asked)			
16½	10	80c	7.8	Gatineau Pwr.	25	11	11	11	
97	79	5	5.9	Do. pref.	9	81	85	80	
105½	90	5.50	6.1	Do. 5½% pref.	....	(— bid 105 asked)			
6	1½	.	...	Do. Rights	....	(⅞ bid 2 asked)			
10⅞	4½	.	...	Gen. St. Wares.	480	4½	5	4½	
96½	77	7+57	...	Do. pref.	105	80	82½	80	
87	58	2.50+2.50	7	Goodyear Tire	50	64	70	68	
57½	51	2.50	4.7	Do. pref.	103	52½	53	52	
.50	50	$2	...	Gould Pumps	....	(— bid — asked)			
8	7½	..	...	Gt. Lakes Pap.	....	(— bid 6½ asked)			
				Do. pref.	....	(— bid 27 asked)			

Government Bonds

Dealers' Assoc. of Canada) (Supplied by Investment

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

July 23, 1940

Industrials:	Bid	Ask.
Acme Farm. D.	18	23
Andian National	28	31
Anglo C. Tel., A	7½	8½
Atlas Steel	11	..
Barrymore, pfd.	23	..
Blue T. Brew. B	3½	5
B. C. Pulp, c.	13	14½
Do., pfd.	42	50
B. C. Sugar	72	75
Burns & Co., A	5	6½
Do., B	3	4
Can. G'drich, c	1½	..
C. I. L., A c.	186	195
Can. Ing. Rand	64	67
Can. Tube, 1st p	..	72
Chase, A. W., p	24	26
Claude Neon, p.	5½	7
Colonial Steam.	14	16
Cope. Flour unit	16	20
Dom. Manuf., p.	60	65
Dunlop T., p $25	20½	22½
Easy Wash. p $10	7½	9
Goderich Elev.	7	8
Guard. Realty p	16½	20½
Guelph Carp., p.	97	102
Do., com.	15	18
Gurney Fdry., p	1½	1½
Hayes Steel, c.	27½	30½
Hi'land Dairy, p	45	52½
Inglis, John, c.	4	7
Ingram & Bell	21½	25
Kingston Sh. un	21	24
Loblaw Inc., c.	11	12
Morrison Br. un	6½	8
M'row Screw, p.	97	..
Do., com.	7	..

	Bid	Ask.
Neilson, Wm., c	8½	..
Do., pfd.	99	..
N. B. Tel., c.	10	12
N. Meth. Ldy., p	..	58
Office Spec. pf.	65	..
Paterson Wm., p	100	..
Prov. Paper, pfd	98	101
Rob'tson P. L. p	94	..
Rob. Cons. Cone	5	7
Ruddy, E. L., p	26	28½
Seal O Sac (Can)	1	2
Stand. Fuel, p.	53	58
Stedman pf. $50	53	58
Tor. Carpet, c.	25	30
Do., pfd.	55	60
Un. F. Co-op.	2	3½
Un. Steel, A pf.	20	22
Viceroy p & rts	25	..
Trusts & Loan Stocks:		
Brit. Mtge.	145	152
Capital Trust	25	30
Com. Fin., c.	2½	3½
Grey & B. Tr $50	42	46
Guaranty Trust	..	94
Guelph & C. $50	50	55
Lambton Loan	32	34½
London & West.	35	40
Sherbrooke Tr.	120	..
Sterling Trust	55	..
Traders Fin. A c	8	11
Do., A pfd.	75	80
Trusts & Guar.	24	26
Victoria Trust	80	90
Insurance Stocks:		
Brit. Amer.	53	57
Canada Life	410	445

	Bid	Ask.
Confed., 30% pd	133	140
Crown, fully pd	240	285
Dominion Fire	130	..
D. of Can. Gen.	100	112
Empire 25% pd.	5	7
Excelsior 36% pd	57½	62
Federal 25% pd	50	..
Great-West Life	215	230
Imperial Life	285	300
Manufac. Life	220	245
Sov. L. 25% pd.	13	15
Sun Life	260	285
Tor. General	5½	5½
Wellington Fire	58	..
Western Assce.	41	44½
Do., pref.	40	43
Theatre Stocks:		
Allens, Kings. p	59	62½
Do., Lond., p.	53	56
Do. St. Cath. p	51	55
Do., Tor., p.	32	38
Mansf. Theat., p	27	31
Para., Kitch., p.	51	56
Do. Oshawa, c	9½	11½
Investment Trust Shares:		
Can. Investors	4	5
Deb. & Sec., pf.	62	..
Sec's. Hold., pf.	17	23
United Corp., A	16½	19
Do., B	4	5½
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	97	100
Gt. Lakes Pr., p	98	102
Mtl. Is. Pwr., p.	17	20
Nor. Ont. Pr., p.	88	92

Unlisted Mines

Toronto, July 23, 1940

	Bid	Ask
Acordia	.25	.27
Addington	.01	.02
Albany R	.06½	.08
Amal Kir	.03½	.04½
Anoki	.06	.07
Arjon	.02	.04
Armistice	.00⅞	.01½
Argosy	.04	.05
Area	.03	.04
Arno	.01	.02
Athona (Old)	.01	.03
(New)	.01½	.02½
Barb Lard	.01½	.02½
Bilmac	.01	.02
Buff Bear	.01	.02
Calder Bo	.01	.02
Central M	.02	.03
Cheminis	.02½	.03½
Coin Lke	.02	.03
Cons Chib	.02	.04
Crescent	.01	.02
Dayton	.01	.01½
Demp Cad	.00⅞	.01½
Desants n	.08	.10
Dona Pat	.03	.05
E Lacoma	.00½	.00⅞

	Bid	Ask
Elmos	.06	.08
Franco	.25	.30
Galore	.01½	.02½
Gate Pat	.00½	.01
Gilbec	.00½	.01
Gordon Lb	.01	.01½
Hiawatha	.05	.08
Hoyle nw	.14½	.16½
Hugh PaP	.02	.03
Hutch Lke	.00⅞	.01½
Joliette	.02	.03
Keora	..	.02
Kenricia	.02	.02½
Kewaga'a	..	.01½
Kiena	.08	.10
Kirk Gate	.01	.02
Lacoma	.00⅞	.01½
Lake Duf	.15	.16
Lake Gen	..	.06
Lw Pete	.11	.15
Mag Con	.75	.78
Magnet L	.15	.17
Magwell	.02	.04
Martin B	[illegible]	[illegible]
Margaret	.02	.05
Mata Can	.02	.04
Mof Hal n	.01	.02

	Bid	Ask.
Mooshla	.01½	.02½
Mosher	.03½	.04½
Nat Mal	.23	.27
Negus	.40	.55
New Roy	.00½	.01
Nickel O	.80	.90
Norbeau	.13	.19
Norlake	.01	.02
North Am Mol'm	.18	.25
Norwin	.08	.11
Oklend	.03½	.04½
O'Leary	.01	.02
Opemiska	.02	.04
Oriole	.01	.01½
Orpit	.01	.02
Ossian	..	.02
Pacsack	.05	.07
Pascalis	.12	.17
Phoenix	.02½	.04
Pontiac R (Old)	.02	.04
Pelangio	.01	.01½
Pelasio	.10	
Porc Lake	.03	.04
Propri'y	1.00	1.25
Presdor	.01½	.02

	Bid	Ask.
Queb Mn	.04½	.07
Rahn Lke	.02	.03
Rand Mal	.07½	.09
Red Lake	.01½	.01⅞
Sachigo	1.25	1.30
Senore	.06	.08
Sheldon	.01	.02½
Shenango	.03	.03⅞
Siscoe Ex	.01½	.02½
Skynner	.02	.03
Smelters Gd	.00⅞	.00⅞
Spooner	.02½	.03½
Sunbeam	.04	.06
Springer	.03	.03⅞
Stadacona	.05½	.07½
Thomson	.12	.15
Thomp Cd	.02	.04
Treaty P	..	.23
Union Mn	.02½	.03½
Wasu	.03	.05
West Red	.01½	.02½
Winoga	[illegible]	[illegible]
Woco	.04	.06
Y David'n	.20	.23

Montreal, July 23, 1940

	Bid	Ask
Cad Exp	.03	.04
Chibmac	..	.02
C Pand'ra	..	.02
Cournor	.08	.09
Dubisson	..	.15
L Rowan	.02	.03
Obalski	.03	.04
Pan Can	.02	.04
Scott Ch	.01	.02
Westwd C	.01	.01½

Vancouver Stocks

Par Val.	Range 1940 High	Low	Company	Sales	Close July 15 (or last)	High for week	Low for week	Close July 22
1	.13	.07½	Pacific Nickel	......	(1.25 bid 1.35 asked)			
1	2.35	1.05	Pend Oreille	......	1.60	1.85	1.85	1.85
1	2.50	1.45	Pioneer Gold	450	(.01½ bid .02½ asked)			
50c.	.02½	.01½	Porter Idaho	......	.00⅞	.01	.01	.01
No	.01⅞	.00⅞	Premier Border	2,000	.75	.80	.73	.75
1	1.42	.72	Premier Gold	450	.54	.53	.50	.52
No	.94	.37	Privateer Mines	9,700	(.01½ bid .... asked)			
1	.03½	.01	Quatsino Copper	......	(.04½ bid .06 asked)			
1	.14½	.04	Relief Arlington	......	(.... bid .25 asked)			
No	.30	.15	Reeves McDonald	......	.10	.15	.15	.15
1	.57	.10	Reno Gold	1,400	(.... bid .06 asked)			
1	.06½	.04	Sally Mines	......	(.02 bid .03½ asked)			
50c.	.03½	.02	Salmon Gold	......	.10	.15	.15	.15
1	.57	.10	Reno Gold	1,400	(.... bid .06 asked)			
1	.06½	.04	Sally Mines	......	(.02 bid .03½ asked)			
50c.	.03½	.02	Salmon Gold	......	.77	.80	.75	.80
50c.	1.22	.75	Sheep Creek	2,350	.75	.60	.60	.60
1	1.31	.60	Silbak Premier	50	(.... bid .01 asked)			
No	.02	.00½	Silvercrest	......	(.05 May 11)			
1	.05	.05	Sunloch	......	(.06½ bid .09½ asked)			
50c.	.11½	.05	Surf Inlet	......	(.02 bid .... asked)			
No	.03	.02	Taylor Bridge	......	(.04 May 7)			
No	.08	.02	Vidette Gold	......	(.00½ bid .01 asked)			
20c.	.01½	.00½	Wellington	......	(.00½ Apr. 16)			
50c.	.00⅞	.00⅞	Wesko	......	.01½	.01½	.01½	.01½
1	.04	.01	Whitewater	2,000	(.03½ bid .05 asked)			
No	.07½	.04	Ymir Yankee Girl	......				

Oil Quotations

Par Val.	Range 1940 High	Low	Company	Sales	Close July 15 (or last)	High for week	Low for week	Close July 22
1	.22	.08	Alta. Pac. Cons.	......	(.08½ bid .11 asked)			
1	.00½	.00½	Amalgamated	14,000	.00⅞	.00½	.00½	.00½
No	1.02	.45	Anglo Canadian	2,900	.57	.58	.57	.57
No	.07½	.03	Anaconda	1,000	.04	.04	.04	.04
No	.13	.08½	Brit. Dominion	......	(.10 May 6)			
No	.18½	.06	Brown Oil	......	(.07½ bid .... asked)			
No	2.33	1.00	Calgary & Ed.	300	1.21	1.25	1.21	1.25
1	.46	.18	Calmont	400	.26	.26	.26	.26
No	.32	.17	Commoil	4,600	.20	.26	.21	.25½
1	.29	.16	Commonwealth	......	(.18 bid .... asked)			
No	.50	.20	Dalhousie	......	(.21 bid .... asked)			
No	.31	.15	Davies Pete	......	(.12 bid .... asked)			
No	.08	.02½	East Crest	100	.03	.03	.03	.03
No	.26	.15	Extension	1,500	.18	.19	.18	.18
25c.	.08½	.05	Firestone	......	(.05 bid .... asked)			
No	1.05	.38	Foothills	......	(.36 bid .60 asked)			
25c.	.10	.10	Foundation Pete	500	.10	.10½	.10½	.10½
No	.12	.08½	Four Star	1,500	.10½	.09	.09	.09
No	.17	.07½	High Sarcee	1,775	1.50	1.64	1.55	1.60
No	3.10	1.31	Home Oil	......	(.01½ bid .... asked)			
No	.03	.01½	Madison	12,000	.00⅞	.01½	.00⅞	.00⅞
No	.04½	.00⅞	Marjon Oil	1,000	.07	.07	.07	.07
No	.15	.06	McD. Segur Ex.	......	(.05 Mar. 4)			
1	.08	.05	McLeod	1,200	.04	.04	.03	.04
No	.07½	.03	Mercury	......	(.04½ bid .... asked)			
No	.07½	.04½	Mill City Oil	......	(.14 bid .18 asked)			
1	.31	.12	Model	......	(.05½ bid .07 asked)			
25c.	.08½	.06	Monarch Royal	......	(.... bid .05 asked)			
25c.	.21	.05	National Pete	......	(.04 Apr. 20)			
1	.05	.04	Nordon	400	.72	.75	.73	.75
No	1.31	.58	Okalta	......	(.03 bid .... asked)			
No	.05½	.03	Pacalta Oil	160	.25	.25	.20	.25
1	.42	.19	Pacific Petroleums	......	(.12 bid .... asked)			
25c.	.25	.14	Prairie Royal	......	(.06½ bid .... asked)			
No	.10½	.06	Royal Crest	......	(20.00 bid .... asked)			
No	36.00	15.00	Royalite	7,800	.15	.15½	.15	.15
No	.19½	.12½	Royal Canadian	......	(.03½ May 16)			
No	.07½	.03	South End	......	(.25 bid .... asked)			
No	.60	.21	Southwest Pete	......	(.02 bid .... asked)			
1	.06	.05	Spooner	......	(.22 bid .... asked)			
25c.	.38	.18½	Sunset Oil	3,000	.04½	.05	.04½	.05
No	.09	.03½	United	......	(.03 bid .... asked)			
No	.07	.03½	Vanalta	35	.30	.25	.25	.25
1	.63	.23	Vulcan	......	(.05 May 11)			
No	.05	.03	West Flank					

* 1939 Quotations.

Winnipeg Stocks

(Transactions from July 15 to July 20)

	Sales	High for period	Low for period	Close July 20
Beresford Lake	4,000	.01	.01	.01
Forty Four	500	.17	.17	.17
Gurney Gold	1,500	.00½	.00½	.00½
Kenricia	1,000	.02	.02	.02
Northern Can. Mtge., pf.	10	5.00	5.00	5.00
United Grain Growers	6	6.50	6.50	6.50

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	..	4
Beav. Lumber, p.	100	102
Can. Airways	1	..
Can. Indemnity	120	..
Dom. Envelope, c	..	7½
Federal Grain, c.	..	1⅞
Federal Grain, p.	24	..
Nor. Mtge. pt. pd.	1¼	..
Nor. Trusts	..	6
Traders Bldg.	6	7½
West. Brew.	1⅜	1⅝
West. Grain, p	..	6¾
West. Steel p.	5⅝	8

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
July 23	5,700	3,000	72,000	......
July 22	5,000	5,700	71,000	......
July 20	3,500	1,600	46,000	8,700
July 19	5,600	4,500	103,000	10,416
July 18	8,000	11,700	220,000	26,985
July 17	6,500	10,800	162,000	9,124

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

July 23, 1940

Industrial and Realty Issues:	Int. Rate	Due	Bid July 23	Asked	Bid July 16
†B. C. P. & Pap.	6	'46	42	46	42½
*Brown Co.	5½	'58	56	60	53
Burns & Co.	5	'41	99	103	100
Canada Bread	4½	'51	100	104	99½
Canada Cement	4½	'52	98	102	98
Can. Paper	4½	'57	90	94	89½
Can. Steamship	5	'51	99	103	99
Can. Canners	4	'49	97	101	97
*Can. Int. Paper	6	'51	84	88	83½
C. P. R.	3½	'49	86½	90½	86
Do.	4	'44	92	96	92½
Do.	4½	'42	101½	105½	102
Do.	6	'61	54½	58½	56½
†Consol. Paper	5½	'52	98	102	98½
Dom. Coal	4½	'55	99	103	101½
Dom. Stl. & Co.	6½	'51	97½	101½	98
Dom. Tar	4½	'56	73½	77½	72½
†Donnacona P.	4½	'51	97½	101½	96½
Famous Players	4½	'49	92	96	92
†Federal Grain	6	'50	90½	94½	89
†Fraser Cos.	6	'52	94½	98½	94½
Gen. Stl. Wares	4½	'55	84	88	84½
*Great L. Paper	5	'48	85	89	84½
†Gypsum, Lime	5½	'55	98½	102½	98
Ham. By-Pr. C.	5	'48	100	104	100
Inter.-City Bak.	5½	'68	86	90	88
*Inter. P., Nfld.	4½	'61	84	88	84½
Lake St. J. P.	5½	'58	66	70	65
Maple Leaf M.	3	'54	81½	85½	82½
Massey-Harris	4½	'49	97½	101½	98
McColl-Fron.	4½	'52	90	94	90
McCormick's	4	'45	40	44	..
*M. & O. Paper	6	'47	99	103	99
Nat. Grocers	4	'63	77	81	77
N. S. Stl. & Co.	3½	'57	92	96	94
Price Bros.	5	'47	102	106	102
*Prov. Paper	5½	'52	93	97	93
Reliance Grain	4½	'48	90	94	89
†Restigouche Co.	6	'51	99	103	99
Rolland Paper	4½	'51	97	101	96½
Simpson's Ltd.	4½	'51	99½	103½	99
Smith, Howard	4½	'48	102	106	102
*United Gas	5½	'48	93	97	91
United Gr. Grs.	5	'49	39	43	*38½
†Western Grain	6				

*Payable in Canada, or U. S.
†Payable in Can., U. S., or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.
♦Payable in Canada only.

Municipal Bonds

July 23, 1940

†Halifax	5	1961	108.00	111.00	4.20
Hamilton	5	1950	108.00	110.75	3.70
Montreal	5	1945	89.00	92.00	7.04
Ottawa	4½	1945	104.50	106.50	3.08
†Quebec	5	1958	104.00	107.00	4.45
Saint John	5	1950	100.00	102.00	4.75
†Toronto	4½	1955	108.00	110.00	3.61
†Vancouver	5	1950	94.00	98.00	5.27
Winnipeg	5	1944	97.00	101.00	4.70

†Payable Can. and N. Y.

Mining Dividends

		Close July 22	Yield %
Beattie Gold	‡8c	.76	..
Bralorne	80c+40c	8.50	*14.1
Buffalo Ankerite	‡31c	2.90	..
Bulolo Gold	$3	12.50	25
Can. Malartic	‡4c	.39½	..
Cariboo Gold	16c+6c	1.85	*11.9
Central Patricia	16c+6c	1.70	*12.9
Coniagas	‡25c	1.30	...
Coniaurum	16c	1.06	15.1
Cons. Smelters	$1+$1	32.00	*6.2
Delnite	†3c	.50	...
Dome Mines	$2	19.00	10.5
East Malartic	‡20c	2.45	
God's Lake	2½c	.28	..
Gold Belt	†2c	.16	...
Gunnar Gold	6c	.35	17.1
Hallnor	60c	4.50	13.3
Hard Rock	‡9c	.67	..
Hedley Mascot	‡6c	.31	..
Hollinger	65c+45c	10.25	*10.7
Howey Gold	‡2c	.20	..
Hudson Bay	$1.75	22.50	7.8
Inter. Nickel, com.	$2	32.50	6.2
Island Mountain	‡8c	.64	..
Kerr Addison	5c	1.98	..
Kerr Lake	15c	.30	...
Kirkland Lake	10c+2c	.90	*13.3
Kootenay Belle	‡10c	.25	...
Lamaque Gold	40c+10c	4.95	*10.1
Lake Shore	$2	18.00	11.1
Leitch	8c	.55	14.5
Little Long Lac	30c	2.15	13.9
Macassa	32c	2.90	11
Madsen R. Lake	†3c	.28	..
McGillivray Coal	3c	.25	...
McKenzie Red L.	12c+2c	.91	*15.4
McWatters	10c	.26	..
Moneta	12c	.42	..
McIntyre Porc.	$2+$1	39.00	*7.7
MacLeod Cockshutt	†10c	1.32	..
Nipissing	15c	.80	..
Noranda	$4	47.25	8.4
North Empire	‡40c	7.25	...
O'Brien Gold	‡5c	.70	..
Pamour Porc.	12c	1.00	12
Pato Cons.	20c	1.60	12.5
Paymaster	2c	.24½	..
Perron Gold	16c+4c	1.39	*14.4
Pioneer, B.C.	40c	1.80	22.2
Pickle Crow	40c	2.40	16.6
Placer Develop.	$1.20	13.25	9
Premier	12c	.75	16
Preston E. Dome	‡15c	1.72	..
Privateer Mine	‡13c	.52	..
Powell Rouyn	20c	.65	..
Quebec Gold	‡2c	.20	...
San Antonio	14c+3c	1.65	*10.3
Sheep Creek	16c+2c	.78	*23.0
Sherritt Gordon	†5c	.63	..
Silbak Prem.	16c	.60	26.6
Siscoe	12c+1c	.60	*21.6
Sturgeon River	†2c	.15	..
Sudbury Basin	‡2½c	1.00	..
Sullivan Cons.	‡6c	.55	..
Sylvanite Gold	20c+5c	2.10	*11.9
Teck-Hughes	40c+3c	3.00	*14.3
Toburn	8c+8c	1.15	*13.9
Upper Canada	†3c	.73	..
Ventures	15c	2.10	..
Waite Amulet	†10c	2.80	
Wright-Harg.	40c+30c	5.20	*13.4

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.31	2.53
Can. Amer. Trust	2.90	3.20
Can. Inv. Fund	3.05	3.45
All Can. Trustee	8.35	9.10
Grouped Income	...	5.00
Trans-Canada Shs.	9.35	10.40

U. S. Paper Industry Operations Pick Up

From Our Own Correspondent

MONTREAL.—United States paper industry, exclusive of the paperboard division, operated at 93% of capacity for the week ended July 13, according to the American Pulp and Paper Association. This contrasts with a revised figure of 70.1% for the week ended July 6, 1940, and 81.8% for the week ended July 15, 1939.

Dividends Declared

	This payment	Date payable	Date of record
Ault & Wiborg, p.	$1.37½	Aug. 1	July 15
Anglo-Can. Tel., p.	68¾c	Aug. 1	July 15
Agnew Surpass ..	40c	Sept. 2	Aug. 15
Do., bonus	20c	Sept. 2	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 16
Assoc. Brew.	25c	Sept. 30	Sept. 14
Do., pref.	$1.75	Oct. 1	Sept. 14
Bank of Montreal .	$2	Sept. 3	July 31
Bank of Toronto..	$2.50	Sept. 3	Aug. 15
Brown Oil pf.	$1.50	Aug. 28	Aug. 3
B. C. Tele., 2nd pf.	$1.50	Aug. 1	June 17
Bathurst Power, A	25c	Aug. 1	July 17
Beatty Bros., pfd.	$1.50	Aug. 1	July 15
Buffalo Ankerite .	6c	Aug. 2	July 16
Can. Bronze	37½c	Aug. 1	July 19
Do., pref.	$1.25	Aug. 1	July 19
Can. Indus., A, B	$1.75	July 31	June 29
Cel. of Amer., c. ex.	*	Aug. 15	June 14
Can. Bk. of Com.	$2	Aug. 1	June 29
Can. Converters ..	50c	Aug. 15	July 31
Coniagas Mines ..	12½c	Aug. 8	June 29
Can. Investors ...	10c	Aug. 1	July 18
Canadian Oil, c. .	12½c	Aug. 15	Aug. 1
Do., extra	12½c	Aug. 15	Aug. 1
Coast Brew.	3c	Aug. 1	July 15
Canada Starch	50c	Aug. 1	July 25
Do., pref.	$3.50	Aug. 15	Aug. 8
Calgary Power pf.	$1.50	Aug. 1	July 15
Comm'wealth Intnl.	4c	Aug. 15	July 15
Can. Inv. Fd. sp. ord	4c	Aug. 1	July 15
Cosmos Imperial, c.	30c	Aug. 15	July 31
Calgary & Edm. .	‡10c	Sept. 30	Aug. 31
Dom. Ang. Inv. pf.	$1.25	Sept. 3	Aug. 15
Dominion Bridge	30c	Aug. 24	July 31
Distillers Seag., p.	†$1.25	Aug. 1	July 15
Dominion Fire	$3	July 2	June 29
Dominion Bank ..	$2.50	Aug. 1	July 20
Dominion Tar, p.	$1.37½	Aug. 1	July 12
Dom. Oilcloth	30c	July 31	July 15
Do., extra	10c	July 31	July 15
East Malartic	10c	Aug. 31	Aug. 1
East. Theatres, p.	$3.50	July 31	June 29
Four Star Pete. ...	1c	Aug. 15	July 20
Farmers' Tele.	62c	July 31	June 29
Granby Cons.	†15c	Sept. 3	Aug. 16
Gen. Stl. Wares, p.	$1.75	Aug. 20	Aug. 10
Do., partic.	25c	Aug. 20	Aug. 10
Gurd, Chas., p. ...	$1.75	Aug. 15	Aug. 1
Hydro El. Secs. B. p.	25c	Aug. 1	July 15
Humberstone Shoe	25c	Aug. 1	July 15
Hedley Mascot ...	2c	Aug. 15	July 24
Hollinger Cons. ...	5c	Aug. 12	July 29
Do., extra	5c	Aug. 12	July 29
Inter. Nickel, pf.	†$1.75	Aug. 1	July 2
Imperial Bank ...	$2.50	Aug. 1	June 29
Int. Metal, p. & A pf.	$1.50	Aug. 1	July 15
Inter. Util., pf. ..	†87½c	Aug. 1	July 22
Inter City Bak. ..	$1.50	July 31	July 15
Kirkland L. Gold	5c	Nov. 1	Sept. 30
Do., extra	1c	Nov. 1	Sept. 30
Kerr Addison	5c	Aug. 1	July 15
Lake of W. Mill., p.	$1.75	Sept. 3	Aug. 17
Leitch Gold	2c	Aug. 15	July 31
Little Long Lac ..	10c	Aug. 20	Aug. 5
Montreal L. & Pr.	38c	July 31	June 29
McIntyre Porc. ..	†50c	Sept. 3	Aug. 1
Montreal Trust ...	$1	July 15	June 29
Mtge. Corp. N.S. ..	$1.50	Aug. 1	July 24
Nat. Biscuit	†40c	Oct. 15	Sept. 10
Do., pref.	†$1.75	Aug. 31	Aug. 16
Penmans	75c	Aug. 15	Aug. 5
Do., pref.	$1.50	Aug. 1	July 22
Privateer Mines ..	3c	Aug. 10	July 30
Quebec Power	25c	Aug. 26	July 22
Remington Rand .	20c	Oct. 1	Sept. 10
Do., pref.	$1.12½	Oct. 1	Sept. 10
Rolland Paper	15c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 2	Aug. 15
Regent Knit., pf. .	40c	Aug. 1	July 15
Royal Crest Pet. ..	1c	July 30	July 20
Royal Trust	80c	July 31	July 31
Royal Bank	$2	Sept. 3	July 31
Saguenay Pr., p.	$1.37½	Aug. 1	July 15
Sigma Mines	‡*30c	July 27	July 15
South. Can. Pr. ..	20c	Aug. 15	July 31
Shawinigan Pr. ..	23c	Aug. 26	July 24
Sherbrooke Trust .	$1.50	Aug. 1	July 15
Simpsons, pref.	$1.62½	Aug. 1	July 17
St. Law. Flour ...	25c	Aug. 1	July 20
Do., bonus	50c	Aug. 1	July 20
Do., pref.	$1.75	Aug. 1	July 20
Steel of Can.	43¾c	Aug. 1	July 5
Do., pref.	43¾c	Aug. 1	July 5
Stuart, D. A. Oil, p.	20c	Sept. 3	Aug. 15
Sundance Rylts. ..	1c	July 31	July 20
Toburn Gold	2c	Aug. 22	July 22
Do., extra	2c	Aug. 22	July 22
United Corp. "A".	38c	Aug. 15	July 31
United Grain	$1.25	Aug. 1	July 25
Upper Can. Mines	‡3c	Aug. 31	Aug. 1
Vulcan Br. Pete. ..	1½c	Aug. 2	July 18
Walker-Good.	$1	Sept. 15	Aug. 23
Do., pref.	25c	Sept. 15	Aug. 23
Wood, A. & J., pf.	$1.75	Aug. 1	July 15
Willson Stat., pf. .	$1.25	July 15	June 29
Weston, Geo., c. ..	20c	Oct. 1	Sept. 12
Wr. Hargreaves ..	†10c	Oct. 1	Aug. 22
Do., bonus	†5c	Oct. 1	Aug. 22
Weston, Geo., pfd.	$1.25	Aug. 1	July 15
Wilsil	25c	Oct. 1	Sept. 14
Zellers, pref.	37½c	Aug. 1	July 15

†Payable in U.S. funds. ‡Initial.
*One share for each 40 shares held.
‡Subject to approval by Foreign Exchange Control Board.

DIVIDEND NOTICES

BANK OF MONTREAL
Established 1817
DIVIDEND NO. 309

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after TUESDAY, the THIRD day of SEPTEMBER next, to Shareholders of record at close of business on 31st July, 1940.

By Order of the Board

JACKSON DODDS, General Manager — G. W. SPINNEY, General Manager

Montreal, 19th July, 1940.

The Royal Bank of Canada
DIVIDEND NO. 212

NOTICE is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Tuesday, the third day of September next, to shareholders of record at the close of business on the 31st day of July, 1940.

By order of the Board.
S. G. DOBSON,
General Manager.
Montreal, Que., July 16, 1940.

The Bank of Toronto
Dividend No. 236

Notice is hereby given that a Dividend of Two and One-half per cent upon the Paid-up Capital Stock of this Bank has been declared for the current quarter, and the same will be payable at the Bank and its branches on and after the Third day of September next to shareholders of record on August fifteenth, 1940.

By Order of the Board.
F. H. MARSH,
General Manager.

Hollinger Consolidated Gold Mines Limited
DIVIDEND NUMBER 334
EXTRA DIVIDEND NUMBER 64

A regular dividend of 1%, and an extra dividend of 1%, making 2% in all, have been declared by the Directors on the Capital Stock of the Company, payable on the 12th day of August, 1940, to shareholders of record at the close of business on the 29th day of July, 1940.

Dated the 20th day of July, 1940.
I. McIVOR,
Assistant-Treasurer.

CAN. INDUSTRIES "B"
DOM. WOOLENS 6's
FED. GRAIN PREFERRED
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Evans, Coleman Profits Higher

1939-40 Earnings Up About 25%, Building Supply Firm Reports

From Our Own Correspondent

VANCOUVER.—Higher earnings for the year ended March 31, 1940, are reported by Evans, Coleman & Gilley Bros. Ltd., according to President Gordon Farrell. The company sells building supplies.

Net profits, after depreciation, bad and doubtful debts and income taxes at $139,743 are reported, compared with $112,911 in the preceding year.

Current quarterly dividends were paid on the first preferred shares and payment was also made on two quarterly dividends in arrears, the latter completing payment of arrears of dividend on the first preferred shares. At a meeting last April directors decided to pay a dividend of 12½ cents per share on the common stock, and this was paid on May 1.

The company has more than maintained its working capital and net current assets are shown as $735,519 compared with $692,999.

	$
Gross profits	325,784
Less: Depreciation	87,081
Directors' fees	2,440
Exec. salaries	45,344
Legal expenses	816
Income taxes	49,000
Minority int.	1,359
Net profit	139,743
Less: Pref. dividends	87,750
Surplus for year	51,993
Working Capital	$
Current assets	1,037,592
Current liabilities	302,073
Working capital	735,519

DIVIDEND NOTICES

The Dominion Bank
Dividend No. 231

Notice is hereby given that a dividend of two and one-half per cent upon the paid-up Capital Stock of this Institution has been declared for the quarter ending 31st July, 1940. The dividend will be payable at the Head Office of the Bank and its Branches on and after Thursday, the 1st day of August, 1940, to shareholders of record of the 20th July, 1940.

By Order of the Board.
ROBERT RAE,
General Manager.
Toronto, 14th June, 1940.

Leitch Gold Mines Limited
(No Personal Liability)
DIVIDEND No. 8

Notice is hereby given that a quarterly dividend of two cents per share has been declared by the Directors of this Company payable in Canadian funds on August 15th, 1940, to shareholders of record at close of business, July 31st, 1940.

By order of the Board,
H. J. MACKAY,
Sec.-Treas.
July 18th.

Ottawa Car and Aircraft Limited
DIVIDEND NOTICE

Directors have declared a dividend of forty cents per share, payable on July 26th, 1940, to shareholders of record July 19th, 1940.

G. L. SNELLING,
Secretary-Treasurer.
Ottawa, 17th July, 1940.

The Shawinigan Water and Power Company

NOTICE is hereby given that a dividend of twenty-three (23c) per share has been declared on the no par value common shares of the Company for the quarter ended June 30, payable August 26, to shareholders of record July 24, 1940.

By Order of the Board,
H. G. BUDDEN,
Secretary and Assistant Treasurer.
Montreal, July 17, 1940.

Privateer Mine Limited
Dividend No. 7

NOTICE is hereby given that a Dividend of three cents (3c) per share has been declared by the Directors of Privateer Mine Limited, payable in Canadian Funds, on the 10th day of August, 1940, to shareholders of record July 30th, 1940.

Shareholders please note that the office for transfer and registration of shares has been changed from Victoria to Vancouver, the address of the Registrar and Transfer Agent being now The Royal Trust Company, Vancouver, B.C.

By Order of the Board.
W. P. MARCHANT,
Secretary.
Vancouver, B.C.
July 20th, 1940.

Little Long Lac Gold Mines Limited
25 King Street West, Toronto, Ontario
Dividend No. 15

Notice is hereby given that a dividend of 10c per share has been declared by the Directors of Little Long Lac Gold Mines Limited, payable in Canadian funds on August 20th, 1940, to shareholders of record at the close of business August 5th, 1940.

By order of the Board.
G. S. BLACKSTOCK,
Secretary-Treasurer.
July 15th, 1940.

Associated Breweries of Canada Limited
DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a Quarterly Dividend (No. 48) of 1¾% upon the outstanding Preferred shares of the Company has been declared, payable, subject to the approval of the Foreign Exchange Control Board, on the First day of October, 1940, to Shareholders of record at the close of business on the Fourteenth day of September, 1940.

NOTICE IS ALSO GIVEN that a Quarterly Dividend (No. 45) of Twenty-five Cents per share on the No Par Value Common shares of the Company, issued and outstanding, has been declared, payable, subject to the approval of the Foreign Exchange Control Board, on the Thirtieth day of September, 1940, to Shareholders of record at the close of business on the Fourteenth day of September, 1940.

By Order of the Board,
I. N. WILSON,
Treasurer.
Calgary, Alberta,
July 19th, 1940.

Elevator Co's Offer Services

Would Operate as Agents For Wheat Board at Limited Profit

Owners of 3,000 line country elevators in western Canada have offered to place their elevator facilities at the disposal of the Government on the basis of receiving 6% on the capital employed in the business.

G. H. McIvor, chairman of the Wheat Board, who is now in Ottawa, has wired the Line Elevators Association stating that the offer will be placed before the Government.

The offer followed intimation by some members of Parliament the remuneration paid by the Wheat Board to elevator companies under the existing contract was excessive.

"Under present national emergency," the elevator companies telegraphed the Government, "we are prepared to operate as agents for the Wheat Board during the coming season under present contract and tariffs and turn over to Wheat Board any net profit in excess of 6% on capital employed."

The elevator companies making the offer are:

Alberta Pacific Grain Co. Ltd.
Pioneer Grain Co. Ltd.
Canadian Consolidated Grain Co. Ltd.
Federal Grain Limited.
Gillespie Grain Co. Ltd.
McCabe Bros. Grain Co. Ltd.
National Grain Co. Ltd.
Northern Grain Co. Ltd.
N. M. Paterson & Co. Ltd.
N. Bawlf Grain Co. Ltd.
Searle Grain Co. Ltd.
Western Grain Co. Ltd.
Reliance Grain Co. Ltd.

The effect of the offer, it was pointed out, is that any profit made by line companies over 6% return on capital employed will go back to the farmer or the Government. An important feature of the offer, it is further pointed out, is that the line elevators do not seek any guarantee of profits from the Government. If they fail to make 6% there is no obligation on the part of the Government or the Wheat Board to make up the difference.

"There is considerable misconception as to the earnings of elevator companies," a statement from the Line Elevator Association says. "The fact is that elevator companies are operating on the same scale of charges and construction costs have increased greatly since that time but the tariff of elevator storage and handling charges have remained the same. Elevator companies for the past ten years, due to crop failures and despite popular misconception, have been operating unprofitably. This has been but natural in view of agricultural conditions. Maximum elevator tariffs that can be charged are first approved by the Board of Grain Commissioners after proper study. It must be realized that if Canada's grain handling machinery is to operate efficiently and effectively, reasonable compensation must be paid in the way of handling charges. Anything less than reasonable compensation can only result in deterioration of the industry."

Decline is Shown In Urban Building

Building Permits Total Reflects Drop of 8% in June

Value of urban building in Canada in June showed a falling off, in contrast with the substantial increases in earlier months of the year.

According to the Dominion Bureau of Statistics' report on building permits issued in the 58 municipalities for which there is comparative data available, June volume amounted to $7,231,786, nearly 8% below the total of $7,849,970 in June, 1939. The June total was even more markedly below the May, 1940, figure of $10,085,971.

For the first half of this year permits issued in the 58 centres were valued at $34.2 millions, compared with $26.8 millions in 1939.

Returns from 167 of the 202 municipalities now being canvassed by the D.B.S. gave a total of permits of $9.4 millions in June, compared with $13.8 millions in May of this year. For the larger group of municipalities, the six months total stands at $46 millions.

TOBURN OUTPUT LOWER

Production of $95,402 is reported by Toburn Gold Mines for the month of May from the milling of 5,005 tons of ore for an average recovery of $19.06 a ton. This represents a decline from the April output of $108,230 from 4,950 tons of ore for an average recovery of $21.87 a ton.

Wright-Hargreaves Mines, Limited
Notice of Dividend No. 66 and Bonus No. 43

Notice is hereby given that the regular quarterly dividend of 10c per share, payable in United States funds, has been declared by the Board of Directors of Wright-Hargreaves Mines, Limited as Dividend No. 66.

Also notice is hereby given that an extra dividend of 5c per share, payable in United States funds, has been declared as Bonus No. 43.

Such dividends, totalling 15c per share, will be payable October 1, 1940, to shareholders of record at the close of business August 22, 1940.

By Order of the Board,
PHILIP H. GERHARD,
Secretary.
July 22, 1940.

General Steel Wares Limited
DIVIDEND NOTICE

Notice is hereby given that a fixed cumulative dividend of $1.75 per share, being at the rate of 7% per annum in respect of the three months' period commencing on the 1st day of May, 1940, and ending on the 31st day of July, 1940, and a cumulative participating dividend of twenty-five cents per share in respect of the year 1939, have been declared on the outstanding 45,000 shares of 7% Cumulative Participating Preferred Stock of a par value of $100.00 each of General Steel Wares Limited, payable on the 20th day of August, 1940, to shareholders of record at the close of business on the 10th day of August, 1940.

By Order of the Board,
FRANK S. BROPHY,
Secretary.
Montreal, July 22nd, 1940.

Lack of Rain Hits Wheat

From Our Own Correspondent

WINNIPEG.—Over a large part of southern Saskatchewan the wheat crop has gone back seriously during the past two weeks. Lack of rain is chiefly responsible, though excessive heat has also played a part. Decidedly small yields are all that can be hoped for on some millions of acres. Conditions are better in the northern part of the province.

Alberta crops are still in excellent shape on the whole. That province has had more rain, and has suffered less from hot weather.

Some disapointing areas are to be found in Manitoba, but conditions generally are regarded as reasonably good.

Some observers insist that a 400-million bushel crop is still probable, although it is recognized that the total yield, on account of Saskatchewan conditions, is bound to fall well below that of last year.

National Biscuit Profits Drop

Net 10% Lower For 6 Months—Revenue from Foreign Branches Off

Drop of over 10% in net profit is reported by National Biscuit Co. for the first six months of 1940, compared with the same period of last year.

Figures for 1940 totalled $5.2 millions after depreciation and income taxes, equal to 69 cents per share on the common stock, and compared with $5.9 millions or 79 cents per share for the 1939 period. Net profit in the second quarter of this year amounted to $2.4 millions or 31 cents per share, which compares with net of $2.9 millions or 39 cents per share in the same quarter of 1939.

About 12% of 1939 net profit was derived from foreign subsidiaries, and this is running lower in the current year due to heavier taxes these branches now bear. The company's new plant at Atlanta, Ga., is scheduled for partial production this month.

New Books . . . .

India Moves Forward

INDIA. By L. F. Rushbrook Williams. Published by Oxford University Press, Toronto. Price 10 cents.

Most of what Canadians hear about India is anti-British propaganda, inspired by trouble-makers who attempt to portray India's "plight" as that of a nation in bondage to a greater power. All this is sheer nonsense. Under British rule, India is working toward democracy at a rate that is quite remarkable in view of the diversity of that country's races, the lack of education of its people, and the superstitions with which it is encumbered.

All this is well set forth in Professor Williams' excellent and authoritative little pamphlet in the Oxford Pamphlet series.

Our New Master—Politics

GOVERNMENT AND ECONOMIC LIFE. Published by Brookings Institution, Washington, Price $3.50.

This volume provides, in some 1,300 pages, a detailed account of the manner in which government has interwoven itself with amazing revelation of the degree to which modern democracy has tended to absorb socialistic ideas. Even more important, it is a clear cut indication of what happens when people abandon self-reliance in favor of the process of running to the government to find the solution for every problem that arises.

Government, it would appear, is only too eager to take on every job thrust upon it. The consequences are not always those forecast by the eager promoters of new bureaus and new forms of interventionism.

Week in Wheat

Wheat Industry Awaits New Government Policy

Market Marks Time Until Future Clarified — Certain Serious Shipping Congestion Faces New Crop — Exports Small

From Our Own Correspondent

WINNIPEG.—Main interest in grain circles at the moment is the determination of government policy regarding the disposal of the new crop now nearing harvest. Elevator congestion is certain shortly after harvest commences. Terminals at the head of the lakes and in eastern Canada will be full of old crop grain at that time. The only space available for new crop will be represented by the capacity of country elevators, reduced by the room required for 50 million bushels or so of carried over wheat which could not be shipped because of lack of storage.

Railways are anxious to avoid tying up any more equipment to stand on tracks, and shipments of wheat from country elevators are severely restricted, although coarse grains are still allowed to come forward, in the expectation of a good demand from eastern farmers.

Market Is Dull

Trading at Winnipeg continues at an extremely low level but with occasional transactions concluded at the pegged levels. These represent mainly purchases by Canadian flour mills. Such are insuficient to absorb all the wheat offered on behalf of farmers who continue to make country deliveries of grain not deliverable to the wheat board because of the 5,000 bbl. limitation per farmer. Their grain has to be listed for sale, and await its opportunity for disposal.

* * *

Exports Small

Whatever other factors have influenced the situation, trading interest was bound to be brought almost to a standstill by doubt as to whether or not the policy of the Government will be to allow the futures market to continue its functions after the end of this month.

The export business transacted lately, although it has been fairly large on several days has represented merely the exchange of futures acquired some time ago on behalf of the British authorities for wheat in shipping position in the East. The purchase of 50 million bushels of futures made some time ago direct from the Canadian Wheat Board has apparently not yet been exhausted.

Exports of wheat remain at a disappointingly small level, in view of the desirability of clearing elevator space to accommodate new crop wheat. Britain shows no signs of urgent need to replenish supplies, and instructions recently given to British millers to reduce the content of Canadian wheat in the mix to 50% seem to indicate that stocks of Australian and Argentine wheat are still available.

* * *

Elevators Increase Space

Elevator companies are planning the building of many storage bins as annexes to country elevators, although such programmes will inevitably have to be reduced if a reduction in storage rates is imposed, as was suggested last week in some dispatches from Ottawa. Such building is capable of adding more to storage capacity of the West than the building of farm granaries, because more efficient use can be made of a given quantity of lumber, and lumber is bound to be scarce.

* * *

Crop Financing

Need for a system of financing farmers on grain which will inevitably be carried on the farms is recognized by everyone, and it is expected that the Government will shortly announce a plan. The Northwest Line Elevator Association has suggested a system by which municipal secretaries would isue certificates of farm storage of grain, with elevator agents as agents for the Government, issuing cash against such documents. Suggestion of United Grain Growers Ltd. was for lending to farmers by the chartered banks, guaranteed against loss up to a certain percentage of the total loaned, similar to the plan followed in housing legislation.

In representations recently made to the Government from various parts of the West, there have been some requests, but not insistent ones, that the Wheat Board initial price should be advanced from the present statutory basis of 70 cents for No. 1 Northern at Fort William. If the market is closed, impression is that such requests will grow in number and strength. Impression will be that the Government is taking responsibility for selling prices, as well as for the amount advanced to farmers by way of initial payments.

Cres. Creamery Does Better

Milk and Cream Sales Up — Loss is Sharply Reduced

Considerable improvement was shown in earnings of Crescent Creamery Co., of Winnipeg and other Manitoba points, in year ended March 31, last, as compared with the previous year. Net loss of $141 showed a decline of over $53,000.

Contributing to the increase were higher butter prices for the greater part of the year, according to W. R. Aird, president. This more than offset the increase in cost of milk purchased for supply of ice cream and fluid cream. A further reduction was effected in operating expenses, in spite of supplies being higher for the last seven months of the year. Volume of milk and cream sold has again shown an increase.

A milk price war in Winnipeg for about three months of the year adversely affected earnings to a considerable extent, continues Mr. Aird.

While the president makes no attempt to forecast the future, it is stated that a substantial further saving in operating expenses is expected. Primary factor is that the ice cream department has been recently transferred to the company's main plant in Winnipeg.

Commodities

Uncertainty has continued to rule the commodity markets and prices have been irregular. Attention was again directed to any factors pointing to the probable length of the war. With Hitler's peace move and Halifax's reply out of the way, the markets are now awaiting the expected German attack on Britain. The length of the war might depend on the degree of success or failure of an attempted invasion.

It has all along been stated that the future of commodity prices depend on the length of the war.

Three of the four weekly spot indices have declined with Dow Jones futures index higher.

COMMODITY PRICES

	Latest week	Previous week	Same week last yr.
Cattle	$8.85	$9.25	$7.25
Hogs	9.40	9.25	10.00
Copper, lb.	.11½	.11½	.10⅜
Cotton, lb.	.1026	.1048	.0944
Rubber, lb.	.2225	.2075	.1670
Sugar, raw, lb.	.0265	.0270	.0288
Silk, lb.	2.54	2.54½	2.70½
Wheat, Man. (bu.)	.71⅝	.71⅝	.52⅛
Coffee, lb.	.05¼	.05¼	.05⅛
Hides	.12	.12½	.12
Weekly Indices			
Canada (D.B.S.)	81.7	82.2	72.8
Do., Wood, Gundy	65.7	65.4	54.0
U. S. Labor	77.9	77.5	75.5
Dow Jones (future)	50.94	51.07	47.69
Fishers'	81.8	82.5	78.5
Monthly Indices			
Canada (D.B.S.):			
Retail (June)	86.0	86.0	82.9
W'sale (May)	82.1	83.1	73.7
U. S. (Apr.)	78.6	78.4	76.2
Gt. Brit. (Mar.)	129.4	128.5	96.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar—96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Markets Are Chief Worry Of Canadian Agriculture

From Our Own Correspondent

OTTAWA.—Subjecting the whole picture of agricultural supplies in Canada to thorough examination in a three-day conference, representatives from all provinces and Federal officials found the situation resting on the following aspects:

1. Britain is not worrying about its food supply at the present time.

2. Canada will have 500,000,000 bushels of surplus wheat on its hands by next fall.

3. Continuous movement of cheese from Canada to the United Kingdom provides the brightest spot in exports of agricultural commodities.

4. A bacon surplus is beginning to appear, with vital questions of the future depending on negotiations to start next month with the British Government for renewal of the Bacon Agreement that runs to Oct. 1.

5. Egg production is 180,000,000 ahead of 1939, up to July 1, with Britain taking half the increase, the Canadian army using large numbers in rations.

6. Butter production is only slightly ahead of 1939.

7. The apple harvest may be down 20% this year, and an apple marketing conference will be called soon to consider disposal of surplus.

8. Canada may capture the United States market for seed potatoes, in competition with South America.

9. Canada needs four or five times the amount of wool it produces, and faces a shortage even for military purposes.

10. Fertilizer prices are rising, because of exchange and taxes, and war demands for chemicals, and shortages in certain insecticides are possible.

11. Ample fodder rations for livestock exist in Canada.

12. Supplies of vegetable and field root seeds are adequate for 1941. Action to safeguard supplies for 1942 is promised by officials.

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

GUELPH, ONT.

Guelph is the tenth in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940.

These muniaipalities are those which are considered to have shown ability over a period of years, or in recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

Statistical Picture

	1939	1938	1937	1936	1935
Population	21,818	21,714	21,558	21,455	21,177
Assessment (less exempt.) (in $000's)	13,960	13,959	13,888	13,885	14,223
Assessment per capita, $	639.85	642.87	644.22	647.12	671.56
Mill rate	50½—1½	50½—1	50¼—1	49¾	47¼
Tax collections:					
Current collections to curr. levy, %	79.54	79.58	75.47	76.02	72.44
Current & arrears to curr. levy, %	102.97	106.81	101.55	107.84	99.57
Gross deb. debt (in $000's)	3,032	3,056	3,479	3,637	3,752
Less: Sinking fund	1,737	1,749	1,886	1,850	1,798
Net debenture debt	1,295	1,307	1,593	1,787	1,954
Net deb. debt per capita, $	59.36	60.20	73.88	83.30	92.29
Other liabilities (bank loan)	100,000	215,000	225,000	238,000	244,000
Relief exp. funded	nil	nil	20,000	115,000	135,000
Relief net from curr. rev.	38,040	51,198	22,975	nil	nil

Financial statements of Guelph for the past five years reveal steady progress. Collections have been maintained at a satisfactory level.

Debenture debt is being reduced steadily. In 1935 net debenture debt amounted to $92.29 per capita. By the end of 1939 this had dropped to $59.36, which is much better than the average per capita debt of municipalities of this size.

Bank overdraft has been reduced by $144,000 from 1935 to 1939, and at the end of the latter year amounted to $244,000.

In 1935 and 1936 relief works were capitalized, but in the past three years only $20,000 of unemployment relief has been funded. This was all funded in 1937.

Last debentures sold were on a cost basis to the city of a fraction under 3%.

Tax rate has been at practically the same level in the past four years. Taxable assessment valuation has been decreasing slowly.

City council is elected for a term of one year.

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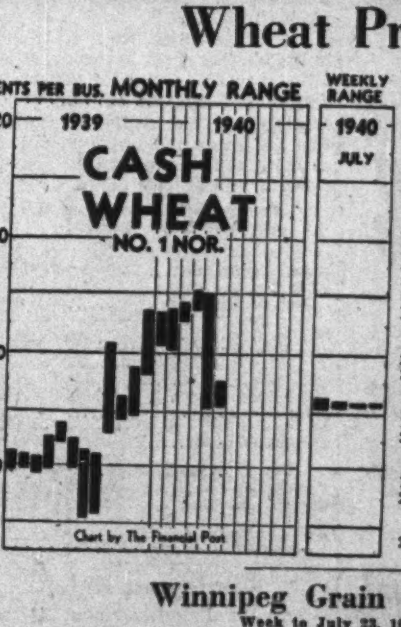
Wheat Prices



Cash Quotations

	For Week July 23 High	Low	Prev. Week High	Low
Wheat:				
1 Hard	.71⅝	.71⅝	.71⅝	.71⅝
1 Nor.	.71⅝	.71⅝	.71⅝	.71⅝
2 Nor.	.68⅝	.68⅝	.68⅝	.68⅝
3 Nor.	.63⅝	.63⅝	.63⅝	.63⅝
4 Nor.	.59⅝	.59⅝	.60⅞	.60⅝
5 Wheat	.57⅞	.57⅝	.58⅝	.57⅝
6 Wheat	.56⅝	.55⅝	.56⅝	.56⅝
Feed	.52⅝	.52⅝	.52⅝	.52⅝
Oats:				
2 C. W.	.33⅝	.31¼	.33⅝	.33
3 C. W.	.30⅝	.28½	.31¼	.30½
Barley:				
1 Feed	.33⅛	.31⅞	.32⅛	.31⅛
2 Feed	.32⅝	.31⅝	.31⅝	.31
Flax:				
1 C. W.	1.29¾	1.28	1.30¼	1.28
2 C. W.	1.25¾	1.24	1.26¼	1.24
Rye:				
2 C. W.	.45⅛	.43½	.45⅝	.48

Winnipeg Grain Futures
Week to July 23, 1940

Crop year from Aug. 1, 1939 High	Low		Open July 17	High for week	Low for week	Close July 23	Close year ago
		Wheat					
.93½	.61⅝	July	.71⅝	.71⅝	.71⅝	.71⅝	.49⅞
.95⅝	.63⅝	Oct.	.73⅝	.73⅝	.73⅝	.73⅝	.50½
.79⅝	.74⅝	Dec.	.74⅝	.74⅝	.74⅝	.74⅝	.51⅝
		Oats					
.40⅞	.28⅞	July	.33⅝	.34½	.31¾	.32	.22⅝
.38⅛	.28¼	Oct.	.28⅝	.29⅝	.28	.28⅞	.23⅛
.29¼	.25⅜	Dec.	.26⅛	.27⅝	.26⅛	.27	.23¼
		Barley					
.53⅝	.31⅝	July	.34⅝	.35⅛	.34¼	.34⅝	.32⅝
.53	.32⅝	Oct.	.36¼	.37	.35⅝	.36⅝	.31⅝
.38½	.33¾	Dec.	.36⅝	.37⅝	.36⅛	.36⅛	.32⅝
		Flax					
2.39	1.24	July	1.28	1.29¾	1.28	1.29¾	1.35⅝
2.36½	1.29	Oct.	1.31¼	1.33	1.31	1.33	1.28⅝
		Rye					
.81⅛	.39¾	July	.44⅝	.46	.43½	.45⅛	.34⅝
.77½	.39⅝	Oct.	.44⅞	.46½	.43⅝	.45¾	.36
.47⅞	.39¾	Dec.	.45⅝	.47⅝	.44⅝	.48¾	.37⅛

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Winnipeg Electric

Will you please let me have your views on Winnipeg Electric Co. Series A bonds? I would like to know if interest charges are being covered.

Winnipeg Electric Series A general mortgage bonds are a fixed charge on earnings of the company. Since the reorganization in 1935 the company has paid interest regularly. Last year interest on the series A bonds was earned 2.53 times before depreciation, and 1.44 times after. This contrasts with 2.31 times before and 1.28 times after in 1938. For the current year to date, net earnings have been on a slightly better basis than in the like period of 1939. These bonds are regarded as a satisfactory investment in their class.

Canadian Locomotive

Is it reasonable to assume the plant of Canadian Locomotive will be utilized to the full for sometime to come? If so, if there any way of ascertaining what the common stock will be allowed to earn? Is the company likely to pay dividends on the present common stock?

The provision protecting payment of interest on the 6% first mortgage bonds of Canadian Locomotive Co. indicates dividends on the common stock are rather remote. These bonds bear interest at 6% from Jan., 1934, payable out of available net earnings. The company has only paid two years interest with the latest payment made in July this year.

Before payment of the interest for 1939, there was accrued unpaid interest of $313,440 outstanding. It appears this would have to be paid before there would be any prospects for dividends on the common. Last year the company had a deficit of $147,880 after allowing for bond interest but without providing for any depreciation. The fact that in three of the last six years, no depreciation was provided indicates there might be some arrears of this character to make up as well.

The current year should be considerably better than 1939. Orders for 23 locomotives were on hand at the beginning of 1940, and mining and miscellaneous orders are up to the usual average. No locomotives were delivered during 1939.

Possible effect of the excess profits tax on Canadian Locomotive is difficult to calculate. It does appear, however, that it might qualify as a depressed business and thus get some special consideration. Only in 1938 did the company have a net profit to report out of the past six years. It does not appear likely the locomotive division can work at capacity as it can produce 120 locomotives of 200 tons and over annually.

Canadian Wirebound

Can you explain the difference in per share earnings of Class A stock of Canadian Wirebound as shown in the 1939 and 1940 Surveys of Corporate Securities?

The explanation for the different figures for earnings on the Class A of Canadian Wirebound Boxes in the 1939 and 1940 Surveys of Corporate Securities is as follows: In the 1939 book, earnings were shown after taking into consideration the provision whereby the Class A shares participate equally with the Class B in any dividends paid in excess of a non-accumulative dividend of $1 a share on the Class B. Allowing for this participation, earnings in 1938 would have been $1.78 a share on the Class A and in 1937, $1.69. On the same basis in 1939, earnings would have been $1.50.

In the 1940 Survey of Corporate Securities the method of showing earnings before taking into consideration the participating provisions was adopted, and the figures shown in the book on this basis are correct. There have been no dividends paid on the Class B since 1930, so it appears the participating provision is not of much importance at the moment.

Cub Aircraft

It is not clear to me whether Cub Aircraft Corp. controls Canadian patent rights of Harlow Aircraft Co. or if the latter company has merely withdrawn from the Canadian field. Can you clarify it?

Cub Aircraft Corp. late in 1939, acquired from the Harlow Aircraft Co. of Alhambra, Calif., the Canadian sales and manufacturing rights of the Harlow two-seater tandem design and also models to be subsequently designed. Harlow planes are low-winged monoplanes of commercial and advanced trainer types.

The Harlow Company is a comparative newcomer to aviation manufacturing business in the United States and, we believe, had not entered the Canadian market prior to acquisition by Cub of Canadian rights to its planes. Our understanding is that Cub Aircraft rights to these planes is an exclusive one covering the Canadian market.

Welland Pulp Products

Will you give me what information you have on Welland Pulp Products Co.?

Welland Pulp Products Co. succeeded the former Davy Pulp and Paper Co. Its plant is in Thorold, Ont. K. F. McGrann is president, C. W. Millburn, secretary treasurer and W. S. Coollin, vice-president and assistant treasurer.

The company makes bleached and unbleached groundwood pulp having a capacity of 30,000 lb. in 24 hours. It operates two grinders with complementary equipment. We believe the company is a private one and do not know of any public interest in its securities. No financial statements are available.

Lloyds Refineries

I would like to have all the information you have about the common stock of Lloyds Refineries. What has the Good Rich Oil Co. to do with it? Has the stock any chance for the future?

Lloyds Refineries is not operating at present, but has leased its properties to Good Rich Oil Co. which is paying an annual rental but has no further connection with Lloyds Refineries itself.

This rental is going to liquidate liabilities of Lloyds Refineries and we gather that this has not been completed yet.

As to the position of common shareholders, it is pointed out to us that this stock was given as a bonus, apparently implying that its value is uncertain at present.

Detroit Bridge Stock Ready

Being Distributed in Accordance With Reorganization Plan

New securities of Detroit International Bridge Co., are now ready for distribution in accordance with the reorganization plan of 1938, as amended. The new set-up authorizes only common stock and this is being issued in exchange for 6½% first mortgage bonds and 7% gold debentures, on the basis of 16 shares for each $1,000 principal amount of bonds, including accumulated interest; and of 2 shares for each $1,000 principal amount of debentures.

Holders of preferred stock are entitled to a warrant to purchase one share of new common stock at $12 per share for each two shares of preferred now held. Warrants are exercisable for a period of two years from date of confirmation of the plan.

Holders of common stock are entitled to a warrant to purchase one share of new common stock at $12 per share for each 40 shares of common now held.

Minimum amount of stock to be issued is 217,175 shares—191,648 to bondholders; 16,000 to debenture holders; 7,027 reserves for issuance upon exercise of warrants by preferred shareholders and 2,500 shares reserved for issuance to common shareholders.

Delay in distributing new securities is understood to have been caused by a legal appeal upon matters of procedure in the reorganization. Stock is obtainable as follows: bondholders, from Toronto General Trusts Corp., Toronto; debenture holders, National Trust Co., Toronto.

C. N. West Indies S. S. Profit Lower

Lack of Passenger Trade This Year Cuts Into Earnings

From Our Own Correspondent

MONTREAL. — Operating profits of the Canadian National West Indies Steamship Service dropped $400,000 during the first four months of the current year, according to a statement made by S. J. Hungerford in the hearing before the railway committee of the House of Commons. The decline was attributed to a sharp contraction in the volume of passenger traffic between this country and the Indies.

While passenger traffic has fallen off, the freight movement has shown an improvement. Moreover freight rates have been increased 25%. In connection with the latter it was pointed out to the committee that the increase was less than that put into effect on the North Atlantic route, while it had been necessary to pay a 25% war bonus to crew members since the war started.

Montreal to Maintain Minimum Margins

From Our Own Correspondent

MONTREAL.—Neither the Montreal Stock Exchange nor Montreal Curb Market is following the lead set by the Toronto Stock Exchange in lowering minimum margin requirements on low-priced mining stocks. The Exchange here deals in mining stocks selling over $10 a share and, therefore, is not directly interested. The Curb Market has decided that requirements will be unchanged.

C.N.R. Revenue Rises Sharply

Returns for Half Year Up $16.7 Millions Over 1939

From Our Own Correspondent

MONTREAL. — Estimates of a sharp contraction in the deficit of the Canadian National Railways for 1940 are likely to be realized if returns continue the trend of the past six months.

To the end of June the system had a net operating profit of $16.2 millions. For the same period in 1939 there was a deficit of just over $500,000, so that the over-all net gain this year amounts to $16.7 millions.

With the heavy traffic season still ahead, it is likely that the railway will show even higher earnings than were estimated earlier in the year by The Financial Post.

Big Gain Recorded

The June returns show a striking improvement. Net earnings of more than $5.5 millions represented by far the widest gain for any month this year to date.

Wide Improvement

Following are the comparative returns for June and the six months ended June in 1940 and 1939, together with tabulation of the monthly gains over 1939 in net revenue in the first half of this year.

C.N.R. Net Revenue

June	1940	1939
Oper. Revenue	$22,359,937	$15,189,521
Oper. Expense	16,798,731	15,201,617
Net Revenue	5,561,206	*12,096
First Six Months		
Oper. Revenue	$113,681,551	$87,681,530
Oper. Expense	97,481,468	88,186,947
Net Revenue	16,200,083	*505,417

*deficit.

Gains in Net (1940 over 1939)

January	$2,279,992
February	3,050,530
March	2,397,376
April	1,365,398
May	2,038,900
June	5,573,302
Total (6 mos.)	16,705,500

Dividend Deferred By Ont. Tobacco

Not Unexpected as Markets Lost and Tobacco Production High

Ontario Tobacco Plantations Ltd. has deferred any dividend on the 7% cumulative preferred stock for year ended March 31, last. Last year 3% was paid on July 3 and in the previous year a similar amount was distributed. Arrears at June 1, last, amounted to 59½%.

The decision is not unexpected, in view of information given by J. F. MacKay, president, in annual report for year ended March 31, last. The period was the most difficult experienced since organization of the company 12 years ago, summed by by Hon. P. M. Dewan, Minister of Agriculture for Ontario, as follows: "The tobacco industry in Ontario is in a grave condition because of expanded production and because of loss of overseas markets as result of the war."

The company reported a small loss in the latest fiscal year, as compared with previous small profits.

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It's the Admiral Beatty—the official AAA hotel. 250 fireproof rooms from $2. single, $3. double. Modern cafeteria. AAA garage.
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Canada Northern Widens System

From Our Own Correspondent

MONTREAL.—Three new mine customers were added to the system of Canada Northern Power Corp. during the quarter ended June 30, according to a statement issued by the management.

During April power was turned on at the Mic-Mac Mines and Pasvalis Gold Mines. At Siscoe Gold Mines a frequency changer was installed enabling the mine to utilize 25 cycle power generated by the company in the operation of the mines' motors.

The company further reports that at the property of Powell Rouyn Gold Mines, Quebec, construction is well advanced on a mill for the treatment of ore which had hitherto been shipped to Noranda.

A franchise for electric service and street lighting in the village of Thornloe, in the Temiskaming area, has been approved by the ratepayers.

EXPERIENCED TRAVELLERS CARRY MONEY SAFELY
Canadian Pacific Express TRAVELLERS CHEQUES

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Assets Exceed $60,000,000

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LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED 5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1939), $11,793,464
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

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Company Reports

D. A. Stuart Oil

Net profit of $65,177 for D. A. Stuart Oil Co. for year ended May 31, 1940, is about 3½ times as high as the figure of $18,141 for the previous year. Working capital is improved, with cash and inventories in particular higher.

Conforming to requirements of the company's charter, an amount of $11,402 has been set aside since end of the fiscal year for purpose of acquiring participating preference shares for cancellation. Capital expenditures during the year totalled only $1,850.

Income and Surplus Account Years Ended May 31

	1940 $	1939 $
Gross earnings	109,182	47,283
Less: Depr. & taxes	27,066	12,203
Patent amort.	16,939	16,939
Net profit	65,177	18,141
Less: Pref. divds.	33,505	34,337
Surplus forward	31,672	*16,196
Add: Prev. surplus	38,834	53,278
Less: Life ins. adj.	......	1,752
Inc. tax adjust.	2,744	......
Surplus forward	67,762	38,834

*Deficit.

Working Capital

	1940 $	1939 $
Current assets	283,904	234,376
Current liabilities	45,403	26,907
Working capital	238,501	207,469

Balance Sheet Changes

	1940 $	1939 $
Cash	133,101	102,445
Inventories	88,424	58,973
Accts. receivable	51,446	43,397
Accts. payable	21,627	15,324

Crescent Creamery

Crescent Creamery Co., Winnipeg, reports net loss of $141 for year ended March 31, last, compared with $53,344 for the previous 12 months.

Working position is less favorable, however, due to an increase of over $30,000 in accounts payable which total $94,615. Bank loan was reduced $24,500 to $54,500.

A contingent liability is mentioned in the balance sheet in respect of additional income taxes for 1928-38 inclusive. The assessment has not been received yet, but available information indicates the amount will be substantial. It is expected the amount claimed will shortly be known.

Income and Surplus Account Years Ended March 31

	1940 $	1939 $
Operating profit	26,242	*13,150
Add: Inv. income	2,856	4,075
Prof. on sale of secs.	......	3,594
Net oper. profit	29,098	*5,481
Less: Depreciation	29,238	47,863
Net loss	141	53,344
Less: Prev. surplus	40,976	95,604
Add: Tax adjust.	......	1,284
Surplus forward	40,835	40,976

Working Capital

	1940	1939
Current assets	133,302	131,036
Current liabilities	159,998	154,810
Excess of curr. liabs. over curr. assets	26,696	23,774

Remington Rand

Substantial improvement is reported in earnings of Remington Rand Inc. for year ended March 31, last, as compared with the previous year. Net profit of $2.3 millions is up $550,000 from the previous year, although still substantially below the 1937-8 fiscal year.

The increase is attributed by James H. Rand, president, to improvement in domestic operations, while foreign operating profits were maintained at about the same level as in the previous year. Consolidated net sales were up 3.2% from 1938-9.

In accordance with the long range programme of concentrating manufacturing plants, to effect economies and provide greater efficiency, the Syracuse, N.Y., and Middletown, Conn., plants were closed during the year and equipment and operations transferred to Ilion and Elmira, N.Y.

Cons. Income and Surplus Account

	1940 $	1939 $
Net sales	44,030,527	42,671,741
Less: Cost of sales	23,632,820	23,568,640
Gross earnings	20,397,707	19,103,101
Less: Sell. & admin.	17,210,880	16,802,999
	3,186,827	2,300,101
Add: Loss of subsids.	82,833	106,538
Dividends rec.	279,104	212,975
Interest and disct.	263,076	239,534
Other income	185,026	183,900
Net earnings*	3,996,866	3,043,048
Less: Exp. of unused props.	94,164	110,535
Int. & amort. of disct. on debs.	814,526	829,123
Prov. for taxes	783,000	353,000
Net profit	2,305,177	1,750,391
Less appropriations:		
Divds. on $4.50 pref.	822,709	817,442
Divds. on common	1,264,525	1,263,946
Surplus for year	217,943	▲330,997
Add: Prev. surplus	3,725,188	4,057,490
Prof. on purch. debs.	5,145	9,457
Adj. re empl. stock	......	36,030
Less: Elim. pr. yr. rentals	......	130,792
Undis. net pr. for subs.	211,973	......
Add. to empl. res.	22,809	......
Bal. carried forward	3,713,493	3,725,188
*After deprec. of	931,852	895,936

▲Deficit.

Earned per Share:	1940	1939
$4.50 preferred	$12.47	$9.47
Paid	4.50	4.50
Common	0.94	0.59
Paid	0.80	0.80

Working Capital

	1940	1939
Current assets	29,694,266	28,396,667
Current liabilities	4,756,625	3,812,380
Working capital	24,937,641	24,584,287

Can. Wirebound Boxes

Net profit of $119,617 for Canadian Wirebound Boxes Ltd. for year ended April 30, last, is up about $13,000 from the previous year. The first annual financial statement of the subsidiary, Eastisle Realties Ltd., has been consolidated.

Bank loans of $114,062 were retired during the year and primarily offsetting this was the elimination of a $90,000 call loan.

Total of 449 shares of Class "A" stock were purchased, leaving 50,915 outstanding.

Income and Surplus Account Years Ended April 30

	1940 $	1939 $
Net earnings	204,249	172,173
Less: Depreciation	62,167	54,810
Income taxes	22,465	10,680
Net profit	119,617	106,683
Less: Spec. surp. acct.	11,447	10,413
Class A divd.	76,878	77,826
Surplus for year	31,292	18,444
Add: Previous surplus	174,518	158,625
Less: Loss on mach'y.	3,686	1,707
Additional taxes	1,332	844
Red. of bonds	125	......
Earned surplus fwd.	200,667	174,518
Earned per Share:		
Class A†	$2.12	$1.87
Paid	1.50	1.50
Class A Shares O/s:	50,915	51,364

†Before participation.

Working Capital

	1940	1939
Current assets	462,345	467,225
Current liabilities	153,595	220,325
Working capital	308,750	246,900

Balance Sheet Changes

	1940	1939
Cash	57,207	74,285
Accts. rec.	190,491	121,802
Call loan	......	90,000
Inventories	199,772	171,138
Bank advances	......	114,062
Accts. payable	85,271	60,339

Dominion & Anglo

Dominion & Anglo Investment Corp. reports a small decline in profits for the year ended April 30, 1940, from levels prevailing in the preceding year. Net profits were equivalent to $6.51 a share on the 5% preferred compared with $6.85 a share and on the common $1.96 against $2.39.

Net loss incurred on securities sold last year was $9,515. This was charged to capital surplus, reducing this balance to $337,666.

Net assets, at April 30, 1940, based on current market values amounted to $2.2 millions compared with $1.8 million a year earlier. This is equivalent to $170.03 a share on the preferred compared with $136.94 at April 30, 1939. On the common net assets remaining are equivalent to $90.69 a share for the latest report. Book value of investments was just under $2 millions at April 30, 1940.

Income and Surplus Account Years Ended April 30

	1940 $	1939 $
Invest. income	100,296	105,193
Add: Exchange (net)	1,930	*40
Total earnings	102,226	105,153
Less: Directors' fees	1,500	1,500
Exec. remuner.	5,500	5,500
Other mgmt. exps.	3,759	4,047
Legal fees	......	706
Income taxes	7,079	6,227
Net profit	84,389	88,673
Less: Pref. divds.	64,750	114,375
Common divds.	10,000	......
Surplus for year	9,639	†25,702
Add: Prev. surplus	36,644	62,931
Less: Inc. tax adjust.	2,397	585
Surplus forward	43,885	36,644

* Deduction.
† Deficit.

Earned per Share:	1940	1939
Preferred	$6.51	$6.85
Paid	5.00	*8.75
* Includes arrears.		
Common	$1.96	$2.39
Paid	1.00	nil
Shares Outstanding:		
Preferred, $100 par	12,950	12,950
Common, n.p.v.	10,000	10,000

Can. Foundries Works At Capacity Level

From Our Own Correspondent

MONTREAL.—Canada Foundries & Forgings is understood to be operating at capacity, due principally to a heavy demand for forgings used in shipbuilding.

Earnings for the first six months of the current year are said to have been higher than for the whole of 1939 and the net profit equalled $2.77 a share on the class A stock.

A sufficiently large block of orders is on hand to maintain the present rate of operations at least for the balance of this year. On this basis, net earnings for 1940, after allowing for excess profits tax, should be well ahead of last year.

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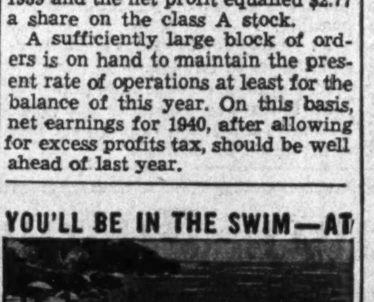

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CANADA'S EXHIBIT
is being continued for the second year at the World's Fair, New York

THERE is probably no place outside the British Empire where a more favourable location for a Canadian exhibit could be found than at the World's Fair, New York. From the United States and many other countries, millions of people visited the Fair last year, while millions more are expected during 1940.

Because these multitudes should carry away with them a comprehensive and favourable impression of Canada, the government planned the Canadian exhibit with the utmost care. Under the direction of the Department of Trade and Commerce, the handsome Canadian Pavilion was designed in Canada and built of Canadian materials. It is situated on the Fair grounds, close to and South of The Court of Peace. The exhibits beneath its spacious roof attractively portray Canada as a world-trading centre; a land of almost unlimited agricultural and natural resources; a country of opportunity for commerce and manufacture; a delightful haven for holiday-seekers. A Motion Picture Theatre is also located in the Canadian Pavilion. "Canada's Enchanted Windows", a film featuring third dimensional pictures of Canada as a vacation paradise, is an outstanding attraction.

Canada's exhibit at the World's Fair is a tangible token of our goodwill. It is also a noteworthy medium for increasing trade between the Dominion and other countries. It is through exhibits and various forms of publicity and by contacts through Trade Commissioners that Canada promotes goodwill and increases the demand for Canadian products. Reports on trading conditions and possibilities in other countries are available at all times to any person interested in export trade. Inquiries addressed to the Department of Trade and Commerce, Ottawa, will be promptly answered.

Canada now has three trade representatives in the United States—at New York City, Chicago and Los Angeles. 12P

DEPARTMENT OF TRADE AND COMMERCE
HON JAMES A. MacKINNON, M.P., Minister
J. G. PARMELEE, Deputy Minister

THE FINANCIAL POST

Largest Circulation of All Canadian Financial Papers

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War Pushes Textiles to Limit

On a rising civilian demand for textiles has been superimposed huge war orders for uniforms. Above Canadian soldier in new battle dress.

By JOHN LANGDON
Eastern Editor, The Financial Post

Canada's textile industry is in its full stride. Day and night the mills are operating to keep up with the demand. Production is greater than for many years past. Employment has shown a marked rise. Wages and salaries have expanded sharply.

In the past fiscal year 26 companies, representative of all major branches of the industry, had an increase of 169% in net profits over those in the previous year.

As a group the companies' reporting had a net profit of over $8 millions. None reported a loss. In the previous year nine operators reported in the aggregate a net loss of $747,064 and 17 a profit of $3,735,638, for a net showing of just under $3 millions.

Since the beginning of the present year seven of the 26 companies have increased or resumed dividends on their capital stock.

Abnormal Stimulus

The textile industry has come up out of the valley of low operations and limited earnings. It has not, however, entered the "land of promise." The conditions which have applied over the past 9 or 10 months have not been normal. On the contrary they have been abnormal and brought about almost solely by the war.

Since the early part of last fall the Canadian industry has been called upon to play an important part in the Empire war effort. It has had to adjust itself to the hundred and one changes which war brought in its wake and, at the same time, meet the requirements of the domestic market.

The fact that the industry is operating at capacity; that employment has increased; salaries and wages expanded; and profits higher, does not mean that the operators are free of problems.

There are the problems created by war, some of which have yet to make themselves felt.

Problems of War

Import competition in the woollen and knit goods trade has practically disappeared.

Lancashire operators continue to compete for the Canadian cotton business. American mills until of late have been shipping large quantities into the Canadian market.

The premium on U. S. funds has added to the cost of raw cotton and other supplies purchased in the States.

The price of wool has risen sharply over the pre-war level.

Reduced purchasing power, because of new and higher taxes, has a bearing on future demands.

The war exchange tax of 10% on non-Empire produce slows down American imports, but it helps the English exporting mills.

Japanese trade continues in undiminished volume.

Labor costs have risen.

Restrictions, made necessary by the war, have been placed on business.

The problems of the textile industry are, in the main, common to all business. But they have to be considered in appraising the situation, which must be considered in the light of war and not peacetime conditions.

Cotton Mills Busy

The war's effect on the investor in textile securities and the after-war problems is reflected in the current position of the major divisions of the industry.

The primary cotton mills are operating at a high rate of capacity. Domestic demand is double last year's rate. Retail sales have been and are most satisfactory. The industrial demand for cotton goods is equally good.

This high rate of demand is reflected in raw cotton consumption. The number of bales opened in Canadian mills during June totalled 30,645 units of 500-lb. gross equivalent. This represents an increase of over 43% over the 21,299 bales opened in June last year.

Improvement in consumption has been recorded in each month since May, 1939. The most impressive gains have been shown since the beginning of the year. In this period 192,510 bales were opened in mills; an increase of nearly 85% over the 104,250 for the first five months of the previous year.

The trend of cotton consumption in this country, and an index of mill activity, is shown in the following table:

Raw Cotton Consumption in Canada
—No. of *bales opened—

	1940	1939	1938
Jan.	27,266	14,412	18,437
Feb.	35,740	16,296	16,640
March	31,996	18,681	19,935
April	31,484	15,956	18,913
May	35,379	18,606	18,860
June	30,645	21,299	18,057
Six months	192,510	104,250	110,842
July		20,289	15,226
Aug.		24,406	17,363
Sept.		22,665	20,406
Oct.		24,755	19,293
Nov.		31,870	18,247
Dec.		27,752	19,365
Total (12 mos.)		255,987	220,751

* Equivalent 500 lb. gross.

†Adjusted Index of Consumption
(Cotton Institute of Canada)

	1940	1939	1938
Jan.	174.9	92.5	147.6
Feb.	221.5	94.9	102.6
Mar.	207.4	121.2	128.7
April	167.8	89.1	104.9
May	205.1	107.9	108.6
June	179.0	124.4	104.3
July		126.0	93.9
Aug.		148.4	107.5
Sept.		152.1	136.3
Oct.		143.3	111.1
Nov.		166.0	94.6
Dec.		171.3	119.6

† 1926=100.

Rate of operations in the primary cotton mills, together with the returns on bales of cotton opened, do not tell the full story.

The high output and mill sales to date have been created by British and Canadian Government orders and, in part, by advance buying of domestic distributors. It has been obvious for some time that the rate of buying for domestic needs could not be continued. Considerable stocks of cotton are in intermediary hands. They have not been absorbed.

Canadian mill operations have been maintained at the present high level because of the heavy backlog of business built up shortly after the war commenced. Consumption has not equalled domestic production plus imports. Consequently in keeping production at present levels the mills are eating into their backlog. The latter is now getting thin and the mills are again out after all the business they can get.

Imports Higher

Contrary to a fairly general belief, the present high rate of activity in primary cotton mills has not resulted from interference with the normal rate of competitive imports due to war conditions.

Imports instead of decreasing have increased. What happened in the first six months of the war is shown in the table below:

Cotton Textile Imports Into Canada
(6 Months to End of February)

From	1940	1939
	Pounds	
Great Britain	4,585,154	4,653,586
U. S.	9,426,655	3,491,913
Japan	653,569	170,561
Total all sources	15,347,177	9,278,371

This table shows that cotton imports have increased by nearly two thirds. British shipments have been maintained. Imports from Japan, while comparatively small, have shown a sharp percentage increase. But the principal competition for Canadian mills is to be seen in the heavy gain in American purchases.

An improvement is taking place in the competitive situation. The War Exchange Tax of 10% restricts American imports and gives Canadian mills a net advantage of from 5 to 7%. Moreover May and June imports from the States show a sharp decrease, because of a bulge in buying in the American market.

The competitive situation, as far as the U. S. mills are concerned, should continue to improve in favor of the Canadian mills. Offsetting this in part, however, is the premium paid by Canadian mills on their American raw cotton purchases and heavier taxation. On the other hand the English manufacturers of fine cotton goods will be helped by the War Exchange Tax as the latter does not apply to goods of Empire origin.

The silk mills are experiencing satisfactory operations, though their rate of operations and sales not as high as for the primary cotton and woollen mills.

Domestic demand for all grades of silk and silk hosiery is currently at the same level as a year ago. Curiously enough export sales, despite international trade restrictions, have not shown any appreciable falling off. This is important to those companies manufacturing hosiery, as over the years past they have built up a fairly substantial trade in other countries.

A different set of conditions prevail in the rayon fabric field. In this major division of textile operations conditions can hardly be described as good. There was a very considerable overdelivery of goods last fall. As a result the market is suffering from "indigestion."

The indigestion is due more to overproduction of the Canadian mills than to excessive imports. Rayon imports since last September are under those reported for the like period of the previous year.

Recent labor troubles at the Drummondville plant of Canadian Celanese helped but little to correct the situation. It is difficult to say how long it will be before conditions return to normalcy. For the immediate future mill operations and deliveries will be governed by the rapidity with which the excess stocks move to the consumer.

Wool Picture Bright

The brightest spot in the whole Canadian textile picture is in the wool and knit goods section. Woollen mills have been operating at capacity for more than nine months. Every available bit of equipment has been brought into use; at this stage it is not possible for the mills to add to their production.

There are some English imports, but the volume is not overly great. The domestic demands, plus the special requirements of the Government, have combined to create a situation where there is actually a shortage of equipment.

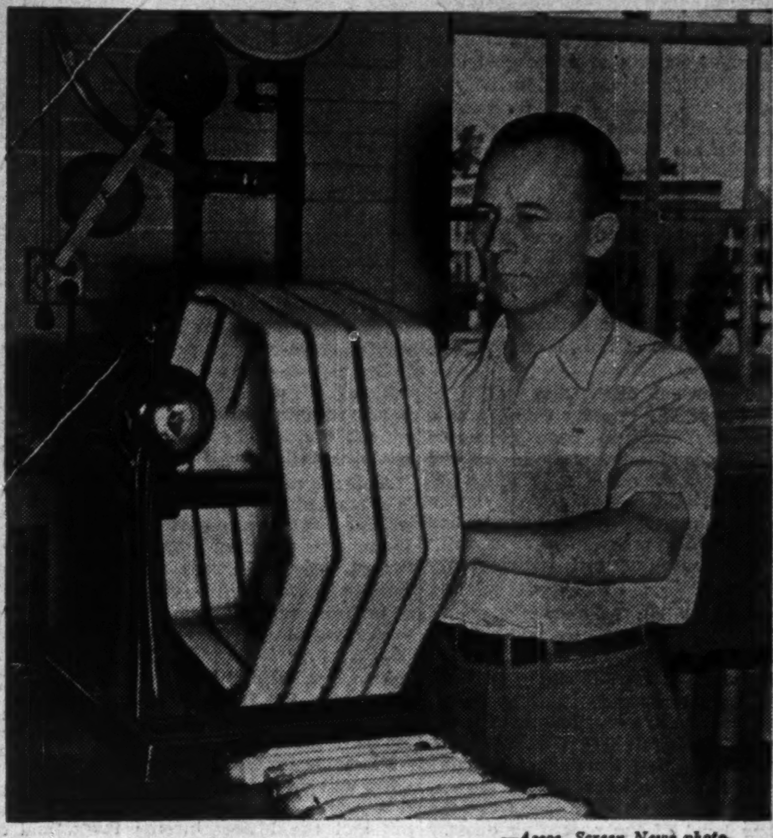
The war business accruing to this branch of the industry is generally described as "terrific." Certainly there is no doubt that for the duration of the war the woollen mills will be worked to the utmost of their capacity.

The knit goods section is experiencing better than average demand for its products. It is not anticipated that there will be any let-up in operations for the duration of the war. While this industry is not now at full capacity, the rate of operations is well above last year's level.

Canada's textile industry has been called upon to make a tremendous effort to meet the conditions developing out of the war.

The industry itself has responded wholeheartedly to the demands made

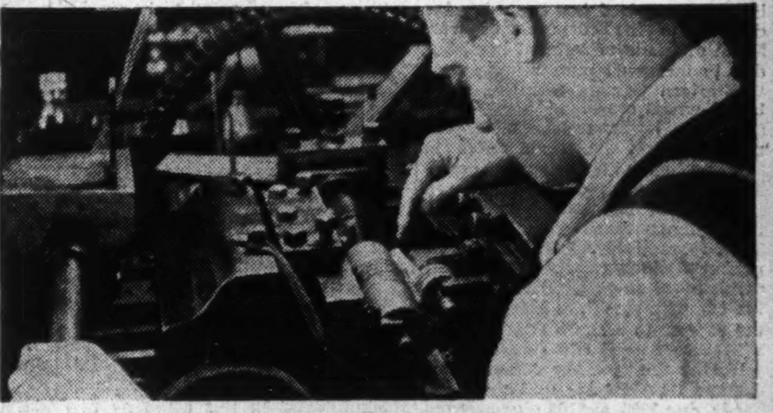
(Continued on page 12)



—Assoc. Screen News photo.

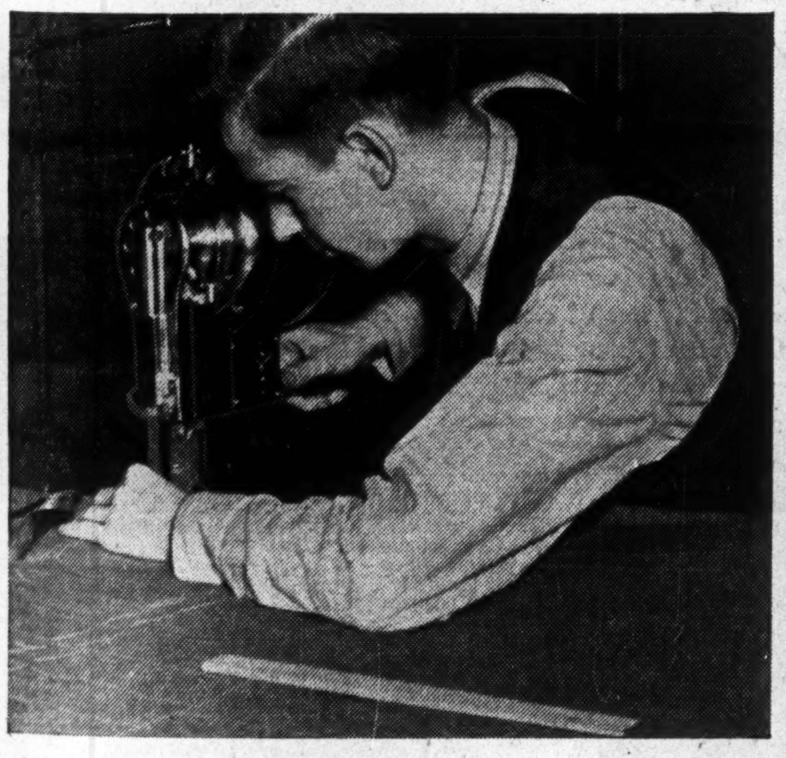
Soundness of raw materials is a primary essential in operation of Canada's textile industry. Photo shows a worker in the Drummondville plant of Dominion Textile Co., testing yarn.

The production of textile patterns and imprinting them on materials are important phases of the Canadian industry's effort to hold its competitive position in the market. Above are girls operating textile pantograph machines in a Dominion Textile Co. plant, transferring design to roller from which printing of materials will be done.



Modern machinery, of which the Canadian textile industry has bought $70 millions worth in the past 10 years, is a vital asset in holding the industry's competitive strength. The machine shown above is producing a pattern from a small master die for use in machine textile engraving.

New Tax Hits Profits



Operator is using special device for cutting out Canadian military uniforms.

Three companies in the textile group, Canadian Cottons, Dominion Textile and Wabasso Cottons, would have earnings per share on the common stock reduced to below current dividend requirements by the new "excess" profits tax, should 1940 earnings remain at 1939 levels.

Two others, Penmans and Guelph Carpet, would have surplus, after dividends, reduced to a narrow margin.

Estimate Results

Tables at the end of this article show the estimated effect of the new taxes on 18 textile firms in which there is public investment. The first 12 shown would be taxed on 75% of excess on the basis of 1939 earnings, while the balance would be taxed on the 30% minimum basis.

Table 1 illustrates the margin of earnings available per share after old taxes and on the basis of the new ones, using 1939 figures. The effect of price earnings ratio is also shown.

Table 2 illustrates how much 1940 earnings, before taxes, will have to increase over the 1939 figures if last year's net profit after taxes is to be equalled.

An additional nine companies, not included in the table, are likely to receive special consideration under the clause of the act which provides for "depressed" businesses. These are discussed at greater length later in this article.

Six more companies in which there is public investment interest are excluded from this article as the necessary figures are not made public. J. R. Moodie, Toronto Carpet and Paton Manufacturing do not publish any earnings statistics, while Riverside Silk, Stanfield's and Supersilk do not give the necessary break-down of figures.

Hardest Hit

According to estimates of the accompanying tables, Canadian Cottons will be hardest hit of the textile firms, as per share earnings after new taxes would be $1.08, compared with actual of $13.48 in 1939. Regular dividends totalled $4 per share last year, while extras amounting to $2 were also paid.

The company dipped into reserve to cover dividends in four of the six years ending in 1939, but its future policy may be somewhat changed. Surplus of $1.9 million at the end of last year was below the average level of 1920-38, while policy has been officially determined to conserve liquid assets which are needed to meet adjustments expected in the post-war period. Large demands will be made in the future for replacement of fixed assets, and such a policy, under normal conditions, would be in operation during the current year.

Dominion Textile showed earnings of $7.70 per share in 1939 on the common stock, but this is reduced to $4.39 on basis of new taxes. Current dividend requirements are $5 per share. It is probable 1940 profits will be considerably ahead of 1939, and the increase might sufficiently offset the higher taxes to cover dividend requirements. Earnings have met dividend requirements only in three years since 1931, and surplus of $5.1 millions at the end of last year, while still substantial, is somewhat below the 1922-38 level.

Wabasso Cotton earned $8.25 per share on the common stock in 1939. This figure is reduced to $1.69 on basis of new taxes. Current dividend requirements are $2 per share. Surplus of $1.4 million at the end of last year was by a good margin probably the highest on record, and improvement in earnings expected this year should bring the figures of earnings and dividend needs closer into balance.

Need Double Profits

To maintain the 1939 level of net profits, Canadian Cottons will have to more than double last year's earnings after all charges but taxes. Dominion Textile will have to increase its 1939 figures by about 80%, while Wabasso Cotton must more than double last year's earnings.

Some companies have found the margin between earnings and dividend requirements reduced, but not eliminated. Penmans Ltd. would find the margin considerably narrowed, as dividends are being paid currently at the rate of $3 per share, while after new taxes 1939 net would be reduced from $4.09 to $3.14. Only in one year since 1933 have net profits not fully covered dividends, and surplus is practically as high as in the best years. In any event, the promise of higher earnings in 1940 would indicate no difficulty in covering dividends and still leaving a surplus.

Profits Narrowed

Guelph Carpet also will find the margin narrowed, from $2.04 to $1.33 per share on the common stock. Dividends of $1 are being paid annually. Only in two years since organization in 1929 has the company not earned dividends, while surplus at Sept. 30, last, was the highest on record. Earnings have been higher in the first nine months of the current fiscal year, so no difficulty should be experienced in maintaining a margin after dividends.

A number of other companies have their own individual problems. Monarch Knitting, for instance, has been included in the accompanying tables, but it may receive special consideration under the depressed businesses grouping. It earned $3.18 per share on the common stock in

(Continued on page 14)

Corner of a Canadian clothing factory where hundreds of women are making up uniforms.

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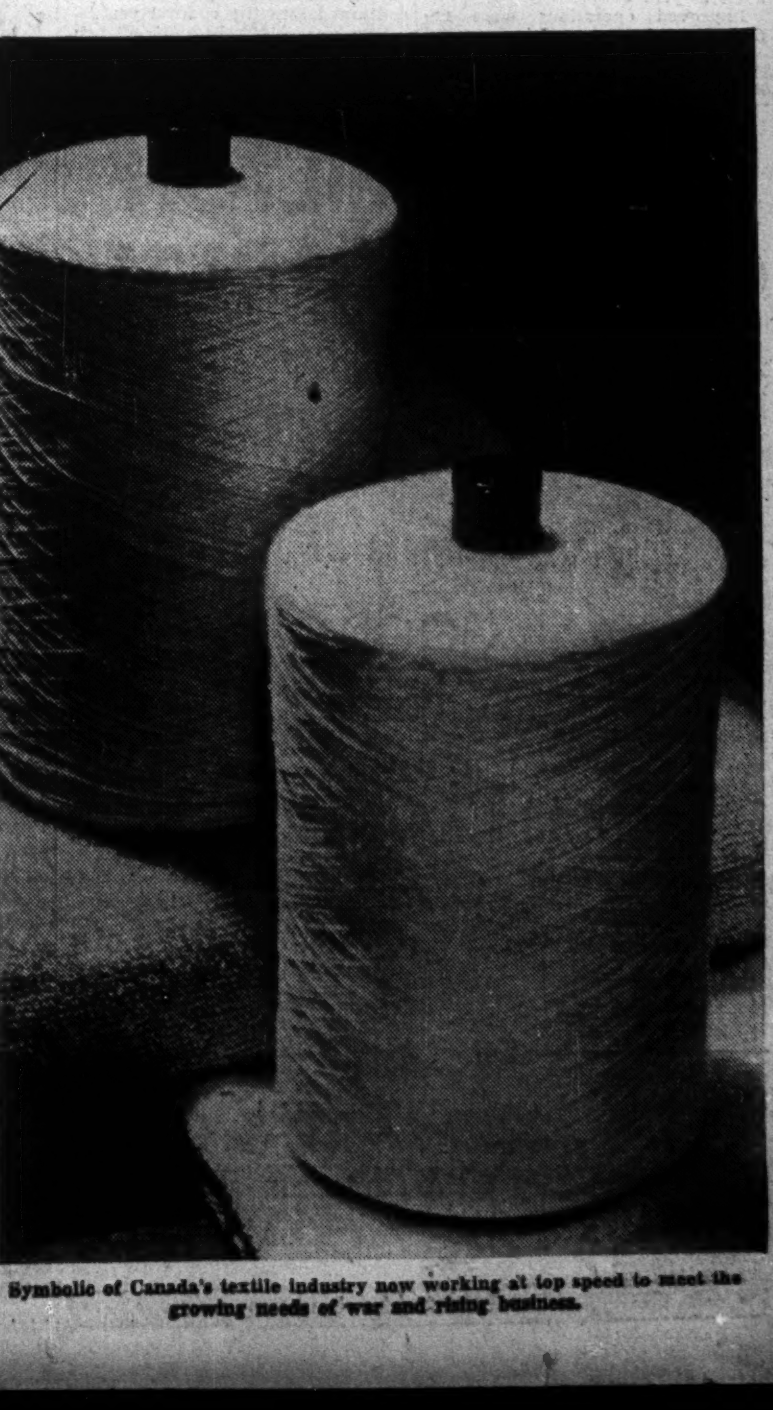


Symbolic of Canada's textile industry now working at top speed to meet the growing needs of war and rising business.

Primary Cotton Mills Working at Top Speed

Some Slowing Up is Expected But Level Above 1939 Likely

Primary cotton manufacturers have experienced an exceptional degree of activity over the past nine months. Currently mill activity is still high. There are indications, however, that some accumulation of stocks has been going on in intermediary hands which may later bring about a slowing down of operations. Further it is known that the consumption is less than production plus imports. There has been no slackening of output, however, and the mills are now actively engaged in building up the backlog to assure maintenance of the present scale of operations.

To the end of the first quarter of last year, the primary cotton textile industry suffered from depressed trade conditions. In the second quarter there was a noticeable pick-up and at the outbreak of war in September textile mill activity had improved to around 70% of capacity in the spinning and weaving sections.

Immediately following the outbreak of the war there was a large, insistent buying movement induced by wartime inflationary influences. Industrial and mercantile inventories were at a very low level. Western Canada was bare of merchandise. Textile buying from these quarters was further accelerated by the expectation of rising prices from the low level of the preceding quarter as well as by the uncertainties regarding importations.

The textile situation changed overnight almost from a buyers' to a sellers' market and by the end of September the majority of the primary cotton plants were sold to the limit of raw material supplies.

Because of the extremely sharp upswing in the volume of business from September on, the operators, most of whom report a fiscal year ended March 31, were able to show sharply increased gross and net earnings. The profits reported were larger than had been the case for several years and compared very favorably with those reported for 1937, when business in this country was at a peak for the post-depression period.

Factors Influencing Outlook

With conditions as they are it is difficult to forecast what the trend of operations and earnings of the primary operators are likely to be for the balance of the year. While it is quite conceivable that demand will fall off, until the supply in the hands of intermediaries is worked off, still the rate of operations should continue well above last year's level.

As far as competition from imports is concerned, the operators are likely to have less to worry about this year. In the first place the war exchange tax of 10% on imports from non-Empire countries will have the effect of lessening imports from the United States which of late months have been of very large proportions. Of course this tax will help the Lancashire mills, but there have been no signs as yet of any appreciable increase in English imports.

From the investors' point of view what will affect the profit outcome this year is the new excess profits tax and the higher income taxes, both Federal and Provincial. The major share of increased earnings—over the average of the past four years—will be diverted to the Dominion to help pay war costs.

In this way the amount available for distribution on capital stock will be limited, even though the volume of business and gross dollar income may be well above the average of recent years.

Primary Cotton

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1939	1938
Dominion Textile:					
1st Mtge., A Serial	2¾	1940-49	1,000,000	†19.17	†7.58
Do., Series A	3½	1959	3,500,000		
†Years ended Mar. 31, 1940-1939.					
Hamilton Cotton:					
1st Mtge. & Coll. Tr. Ser.	3	1940-43	245,000	3.86	2.93
1st Mtge Sink. Fund	4¼	1950	850,000		
Montreal Cotton:					
1st Mtge. Sink. Fund	5	1943	377,648	42.52	17.89
*All outstanding in sterling, £77,600.					
Wabasso Cotton:					
1st Mtge., Serial A	4	1941-46	1,400,000	*11.46	*3.51
Do., Series A	4½	1951	1,000,000		
*Years ended April 27, 1940, and April 29, 1939.					

Stocks

	Outstand. $	Earned per share 1939 $	Earned per share 1938 $	Div. Rate $	Price Range —1939-40— High	Low	Last Price	Yield %
Canadian Cottons:								
Pref. non-cum., par $100	3,661,500	†16.00	†3.18	6.00	118	99½	100	6
Common, par $100	2,715,500	13.48	d3.80	4+2*	120	64	101	5.9
†Years ended Mar. 31, 1940-39. *Extra paid Apr. 1, 1940.								
Cosmos Imperial Mills:								
1st pref. cum. red., par $100	430,400	49.92	34.60	5.00	105½	101	105	4.8
Common, n.p.v.	100,000 sh.	1.92	1.36	1.20	31½	16⅞	20¾	5.8
Dominion Textile:								
Pfd. cum., $100	1,940,600	†114.09	†52.57	7.00	161	147	149	4.7
Common, n.p.v.	270,000 sh.	7.70	3.28	5.00	90½	56	77	6.5
†Years ended Mar. 31, 1940-1939.								
Hamilton Cotton:								
Pref. cum. conv., p. $30	18,485 sh.	5.42	3.82	†2.00	38½	22	35	5.7
Common, par $30	20,000 sh.	3.16	*1.69	nil	..	..	..	..
*After deducting $2 per share on preferred outstanding at end of year. †50 cents extra paid on arrears in 1940 to date.								
Montreal Cottons:								
Pref. cum., par $100	3,000,000	20.75	9.06	7.00	120	96	110¼	6.3
Common, par $100	3,000,000	13.75	2.06	4.00	81	33	60	6.7
Wabasso Cotton:								
Common, n.p.v.	69,903 sh.	*8.25	*2.69	†1.38	37	12	24	..
*Years ended Apr. 27, 1940 and Apr. 29, 1939. †Paid in 1940 to date.								

Dom. Textile

Sales of Dominion Textile Co. in the year ended March 31 were 47% greater in dollar volume and 43% higher in physical volume than in the preceding year.

Prices at which the company sold its products were 3% higher during the year, seven months of which came after the outbreak of war.

Principally because of wartime dislocation of regular trade channels the company was able to obtain a certain amount of export business during the year. In light of the character of this business, combined with the much greater volume of business on the company books, it was deemed advisable to make special provision to cover risks of collection.

Direct war orders have been only a relatively small portion of the company's total business, G. Blair Gordon, president, stated in the annual report. The company has met all orders from this source promptly.

Business from the West

An undeterminable amount of the business acquired has been due indirectly to the outbreak of war. Much of the improvement has been due to increased purchasing power in western Canada resulting from better wheat crops.

After a larger provision for depreciation net profit amounted to $2.2 millions in the year ended March 31, compared with $1 million in the preceding year. Earnings on the common stock were $7.70 and $3.28, respectively. Earnings on the preferred stock greatly exceed dividend requirements. Dividends on the common stock are being paid at the rate of $5 a share annually.

Redeemed Old Bonds

During the year the company redeemed its old 4½% first mortgage bonds, due 1955, at $105 plus accrued interest. New first mortgage bonds were sold privately, comprised of $1 million of 2¾% serial bonds, maturing 1940-49, and $3.5 millions of 3½% 20-year bonds.

Improved operations were reflected in better working capital position, which advanced to $9.5 millions from $8.5 millions.

Material Costs Rise

Two basic materials which the company uses, raw cotton and rayon, have advanced sharply in price since last September. The cost of U.S. cotton has been further enlarged by the premium on U.S. funds. A U.S. subsidy on the export of raw cotton and effective on Canadian purchases from September 12 to January 30 modified the increase in cost on a substantial number of bales purchased.

The company's raw cotton buying and distributing facilities were augmented during the year by erection of a sorting and storage warehouse at La Salle, Que., at a cost of $268,750.

Replacements of old machinery and improvement of existing equipment was made at nine producing units of the company. Re-equipment of two floors of the St. Anns Mill at Montreal was undertaken. This has been used as a warehouse and trucking depot since 1935.

Tax Appeal

Wages of hourly and piece workers at the mills were increased by 10% last November.

The company's appeal to the Exchequer Court regarding certain assessments on income tax and business profits tax from 1915 to 1934 resulted in a verdict favorable to the company.

Prospects for the current year are viewed as favorable, but it is pointed out that only in three years since 1931 has the company met dividend requirements out of earnings.

Montreal Cottons

Montreal Cottons Ltd. produces fine cotton and rayon fabrics. Dominion Textile Co. holds a large stock interest in this company and directs administration of the company's affairs and acts as selling agent.

Improvement in business experienced in 1939 is reported to have continued into the current year.

Earnings in 1939 showed a substantial increase over 1938. During the year the company consumed 7 million lb. of raw cotton, purchased 1.2 million lb. of cut staple rayon fibre and over 1.3 million lb. of filament rayon were used. Production of grey cloth totalled 36.2 million yds., or 16.35% over the previous year. Increases in production were recorded in all classifications. In 1939 direct war orders accounted for less than one quarter of 1% of total business.

In 1939 net profit increased to $622,473 from $271,702 in the preceding year. Provision for depreciation of $400,000 was made in the past year against $274,408 in 1938.

Earnings on the common stock amounted to $13.75 in 1939 and $2.06 in 1938. With the quarterly payment of March 15, the dividend rate was increased to $1 a share from the 50 cents paid from March 15, 1937. A similar quarterly payment of $1 a share was made on June 15. If this rate is maintained for the balance of the year, common dividend payments will amount to $4 a share, compared with $2 paid in the past three years.

Working capital increased $684,681 in 1939 to $2.3 millions.

Wabasso Cotton

Wabasso Cotton Co. reported an increase of more than 100% in gross income in the year ended April 27 over the preceding year. The company is one of the major operators in the primary cotton field, with head office at Three Rivers, P.Q.

Net profits in the past year increased to $576,862 from $187,979. Earnings on the common stock were $8.25 against $2.69 in the 1939 fiscal year. In view of the substantial improvement in earnings more liberal disbursements have been made on the common stock. The quarterly rate on the stock was increased from 25 cents to 38 cents a share on Jan. 2 of the current year and to 50 cents a share on April 1. In the 1940 fiscal year disbursements totalled $1.38 a share, compared with $1 in the previous year.

The company's financial position was materially strengthened as the result of the satisfactory year's operations. Net working capital increased $513,978 to $1.9 million. Liquid assets in particular were materially increased.

Bond interest requirements were earned by a very comfortable margin after depreciation. Through serial maturities the outstanding funded debt was reduced by $150,000 to $2.4 millions.

Cosmos Imperial

Cosmos Imperial Mills, with plants at Hamilton, Ont., and Yarmouth, N.S., manufactures heavier grades of cotton duck.

Mills have been pushed to capacity during the current year to cope with the higher volume of business. The rate is expected to continue as long as Canada's war effort maintains the present pace. Outlook indicates 1940 earnings may approach the all-time high of $249,666 for 1929.

Net profit in 1939 was $214,841, up $75,000 from the previous year. It was only $15,000 less than the 1929 high.

The company is sharing in a substantial volume of direct business from the Government. Industries such as mining and pulp and paper, important users of the company's products, have also been stimulated.

Completion of the modernization programme in the Yarmouth plant has been carried out during the present year. Capital outlays in 1939 were negligible. Appropriations for machinery and equipment for installation installed this year fully absorbs the 1939 provision for depreciation.

Dividends on common stock are now being paid at the rate of $1.20 per share annually. This was increased from $1 by the payment of 30 cents on Nov. 15 last. Common dividends totalled $1.05 in 1939, compared with $1 plus an extra of 25 cents in 1938.

Working capital of $1.1 million at the end of 1939 was up $128,000 from a year previous.

Hamilton Cotton

Indicating improvement in earnings of Hamilton Cotton Co. so far in 1940, as compared to the same period of 1939, two extra payments of 25 cents per share have been paid so far in 1940 on the $2 cumulative preferred stock. Arrears on this class of stock now total $5.50 per share.

Net profit in 1939 at $100,145 was up about $30,000 from the previous year. Working capital of $821,269 was up about $45,000. The 1938 figure did not include balance of proceeds from bond issue amounting to $194,011, earmarked for a machinery renewal programme which was completed during 1939.

Additions to plant and equipment enabled the company to take care of current demand to a greater extent and more economically than before.

The company is engaged in spinning, weaving and manufacturing a number of products. Products are distributed throughout Canada by various selling agents and also in the United States, England, South America and New Zealand.

Candn. Cottons

Plants of Canadian Cottons Ltd. continue to operate at practically capacity levels. Some slight decline in forward bookings has become noticeable in recent weeks, however.

As in the case of other textile organizations, there was a marked increase in demand for the company's products in the year ended March 31. This demand occurred during the final seven months of the fiscal year, resulting in full-time mill operations and lower operating unit costs. Because of the difficulty that Canadian purchasers had in obtaining goods from foreign sources, much larger orders were placed with the company.

Volume of business for war purposes was a relatively small factor in the increased sales volume, the company reports.

10-year Record

Earnings during the past year were favorable, with net profit amounting to $585,832, compared with $116,543 in the previous fiscal year. This was the highest net profit shown by the company since 1920. Net in the year under review was equivalent to earnings on the 6% preferred of $16 and $13.48 on the common. This compares with $3.18 and a deficit earnings of $3.80, respectively in 1938-39.

Dividends have been paid regularly on the preferred stock and common dividends have been maintained at the rate of 4% annually for six consecutive years. A bonus of 2% was paid for the 1939-40 fiscal year, along with a regular quarterly dividend on April 1.

The company improved its financial position in the past year, with net working capital increasing to $6.5 millions from $5.5 millions. The policy of the company will be to conserve the liquid assets needed to meet adjustments in the post-war period, the company states.

N. S. Textiles

Nova Scotia Textiles, of Windsor, N.S., is a major factor in the Maritime woollen textile industry.

Sales in the first five months of the current year were on a better basis than in the same period last year. The business obtained has been entirely domestic, as there has been no government business booked up to that time.

Prospects for maintenance of sales at satisfactory levels during the remainder of the year are considered good.

The company has a Dominion-wide outlet for its products and through its Winnipeg branch has developed a good market in the Prairie Provinces.

Textiles Play Vital Part

(Continued from page 11)

upon it. It has promptly met the urgent need for a wide variety of wool, cotton and rayon goods, and dissipated any doubt as to the value and vital place which the textile industry occupies in the Canadian economy. For ordinary and extraordinary needs we must depend upon our own resources rather than those outside of the country.

From the investor's point of view it is difficult to appraise the current position of those companies in which there is a public investment. The textile industry, like all other forms of Canadian economy, must bear its share of the war cost. The increased Dominion and provincial taxes, "excess" profits tax, municipal levies, and a host of other new and additional charges, clearly mean that a very large percentage of the increased earnings will be siphoned off to meet the costs of war and public services.

No Help

Operations may continue at a high level for the duration of the war. Gross dollar volume of business may reach record proportions. After the taxing authorities and worker have taken their share, however, the position of the shareholder may be little or no better than it was in normal times.

The investor in textile securities must also look realistically at the future. The length of the war period is indeterminate. Long or short, management must prepare for the after-war adjustments. Consequently, for the present, a share of whatever increased earnings accrue to the operators is likely to be put aside to tide over the transition from abnormal war to normal peacetime operations.

The holder of textile or other securities can look forward to little more than a moderate return on his capital, for there are not likely to be any "melons" cut during this war.

COSMOS
Imperial Mills
LIMITED

Manufacturers
INDUSTRIAL COTTON FABRICS
Made to Specification
WIDE, SAIL AND OUNCE DUCK

Head Office:
HAMILTON, ONTARIO
Mills:
YARMOUTH, N.S. - - HAMILTON, ONT.

Selling Agent:
J. Spencer Turner Company, Ltd.
HAMILTON, ONTARIO

THE HAMILTON COTTON CO. LTD.
and its subsidiary
TRENT COTTON CO. LTD.

Spinners of
GOOD COTTON YARNS AND MANUFACTURERS OF CORDAGE

Sales Agents
WM. B. STEWART & SONS
LIMITED
TORONTO MONTREAL

Steady Growth

Steady Industrial Expansion by Courtaulds (Canada) Limited has Meant Increasingly Larger Contributions to Canadian Industry.

SINCE the firm of Courtaulds (Canada) Limited was established in Cornwall, Ontario, the use of modern rayon in Canada has increased steadily.

To supply the demand, Courtaulds are now manufacturing over 10,000,000 pounds of viscose rayon yarn annually. In view of our policy of producing an "all-Canadian" product with Canadian labour and materials, this steady expansion has meant a growing and widely diversified contribution to Canadian employment and industry as a whole.

A comparison of the 1926 and 1939 figures spent on wages, raw materials, power and services shows important increases.

	1926	1939
Wages	$610,000	$1,550,000
Raw Materials and Chemicals	510,600	1,090,000
Power	35,800	172,500
Coal	67,000	159,000
Prepaid Freight on Yarn Sold	16,700	60,000
Repairs and Maintenance	232,900	572,500

Thus, in 1939, over three and a half million dollars (exclusive of taxes and fixed charges) were invested in extending Canadian employment and increasing the consumption of domestic raw material. This then is Courtaulds, and rayon's, contribution to Canada's industrial life.

Courtaulds (CANADA) LIMITED
Head Office and Plant: Cornwall, Ontario *Sales Offices:* Montreal and Toronto
Trade Service Office and Merchandising Department
1220 University Tower, Montreal

Woollen Industry Quickens Pace

Civilian Business Improves While War Demand is New

Special war demand and improvement in general business are two factors expected to contribute to exceptionally high earnings for the woollen textile companies in 1940. Earnings before taxes in many cases likely will be at record highs, although the higher taxation will tend to offset this.

About 100 mills have been or are working to supply cloth, blankets, knit goods and socks for the army, navy and air force. Cloth mills delivered over 2.3 million yards to the end of May, the largest items being almost 1 million yards of khaki shirting and 586,679 yards khaki serge for battle dress. Eleven spinning mills made about 700,000 lb. of yarn to supply other mills.

There seems to have been little tendency as yet to slacken up production, employment on June 1 having been the second highest month on Record. Dominion Bureau of Statistic index figure was 171.0, compared with 171.8 in May—previous record month. Prospects for balance of the year are regarded as good, in view of the need for uniforms for volunteers now and conscripts later.

In addition to higher taxes, the industry is bearing the burden of increased wages which took effect shortly after the outbreak of war. Some difficulties were had early in the war in obtaining raw supplies of wool, but these are moving normally now. Prices have almost doubled from the pre-war figure.

Reasonable but not excess profits are being obtained from Government orders. Net profits allowed amount to 5% of all costs, including taxes and depreciation.

Dominion Woollens

Dominion Woollens & Worsteds produces worsted and woollen cloth and yarns. Plants are located at Hespeler, Peterborough and Orillia, Ont.

The company is a major unit in supplying fabrics for army, air force and naval requirements. While this represented a very small proportion of total business in 1939, total output for 1940 will be very large. Indications promise improvement in volume and trading conditions in the current year compared to 1939. Unfilled orders on the books have been reported as being in excess of a year ago.

Value of shipments in 1939 totalled almost $3.5 millions, an increase of 37½% over the previous year. Shipments in 1940 should be substantially higher, due to increased prices for raw materials and other items of cost.

Net Profit Shown

Net profit of $113,935 in 1939 compared with deficit of $182,796 in the previous year. Results last year were the best since 1929. Six of the past ten years have shown heavy deficits, and 1939 was the first year to show a satisfactory margin of profit.

Primary factor in the improved position in 1939 was the consolidation of the Auburn mill at Peterborough with the plant at Hespeler. This was completed in Jan., 1939, and has resulted in economies. There was also an increase in volume of orders in the first eight months as well as greatly improved demand in the closing months of the year.

Bond interest was earned 3.42 times in 1939 after depreciation. Bond interest became a fixed charge cumulative from July 1, 1937 and has been paid regularly.

Purchase of the company's own bonds was carried out during 1939 to the extent of $132,350 par value at a cost of $92,258. Amount outstanding in hands of the public was reduced thereby to $96,150. Working capital at Dec. 31, 1939 was higher than at the end of 1938, the figures being $648,327 and $456,660, respectively.

Woollens

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1939	1938
Dominion Woollens & Worsteds:					
1st Mtge., S.F. Gold	6	1953	*1,058,500	3.42	nil
*Of which $132,350 held by the company; $926,150 in hands of public.					
Paton Manufacturing:					
1st Mtge., S.F.	4½	1956	656,500	Not avail.	
Penmans:					
1st Mtge., S.F.	5½	1951	1,706,500	5.80	3.09
Stanfield's:					
Serial 10-yr. .... (Closely held)	4	....	140,000	Not avail.	

Stocks

	Outstand. $	Earned per share 1939 $	1938 $	Div. Rate $	Price Range —1939-40— High	Low	Last Price	Yield %
Dominion Woollens & Worsteds:								
Pref. non-cum., par $20	63,510 sh.	‡1.79	d2.88	nil	9½	3¼	3¾	..
Common, n.p.v.	85,585 sh.	*0.25	d3.03	nil	3⅝	½	½	..
‡Before participation. *After allowing for preferred stock participation rights.								
Paton Manufacturing:								
Pref. cum., par $100	600,000	Not avail.		7.00	115	100	115	6.1
Common, n.p.v.	10,000 sh.	Not avail.		*1.00	36	5	35	2.8
(Both issues closely held). *Paid in 1940 to date.								
Penmans:								
Pref. cum., par $100	1,075,000	30.53	14.85	6.00	135	125	128½	4.7
Common, n.p.v.	64,518 sh.	4.09	1.47	3.00	72	38	50	6
Stanfields:								
Common. n.p.v.	10,000 sh.	12.97	7.57	5.00	..	..	..	..

—Dom. Textile Co. photo.

Style and design are as important as quality of material or skill of fabrication in the textile industry. Here newly engraved textile printing rollers are checked for accuracy and possible imperfections in a strike-off machine, through which short lengths of cloth are run as a test.

Penmans Ltd.

Sales and profits of Penmans Ltd. were substantially improved in 1939, owing principally to the heavy demand for the company's products in the last four months of the year. Sales for the year increased 18.89% over those of 1938.

Net profit amounting to $328,207 was the best since 1929, and compares with a net profit of $159,595 in 1938.

This profit was equivalent to earnings of $30.53 on the 6% preferred stock and $4.09 on the common stock. This compares with $14.85 and $1.47, respectively, in the preceding year.

Dividends are being paid regularly on the preferred and $3 a share has been paid on the common in each year since 1932.

The company has maintained a record of relative earning stability. Sales have been maintained at over $5 millions in each year from 1933. The only year in which net profit did not fully cover dividends was in 1938.

There were $293,500 of the company's 5½% first mortgage bonds redeemed and cancelled to the end of 1933. In addition the trustee for bondholders has invested on account of sinking fund $60,433. There were $1.7 millions of these obligations outstanding at Dec. 31, 1939.

The company's financial position is strong. At Dec. 31, 1939, net working capital totalled $2.6 millions, an increase of $126,407 over the preceding year.

The company has important export outlets which contribute to earnings of the organization, but the domestic trade is the most important factor in operations. It was improvement in the latter market which accounted for more satisfactory operations in 1939.

Paton Mfg.

Paton Mfg. Co., controlled by interests associated with Dominion Textile Co., is one of the largest and oldest woollen organizations in Canada. The company does not issue a financial statement because of a limited investment interest.

While no statements are issued, the experience of this organization has paralleled others in the industry. Dividends amounting to $1 a share have been paid on the common stock during the current year, 50 cents paid on March 15 and another 50 cents on June 15. Initial dividend was paid on the stock on Dec. 15, 1939, of 50 cents. These disbursements would indicate that the company is experiencing much more satisfactory operations.

Stanfield's

Stanfield's Ltd. products are well established in the rayon underwear and wool field. Over a period of years the company has been able to build up a strong financial position and well-developed earning power. It is one of the larger organizations in this particular field of textile endeavor. Head office and plant are at Truro, N.S.

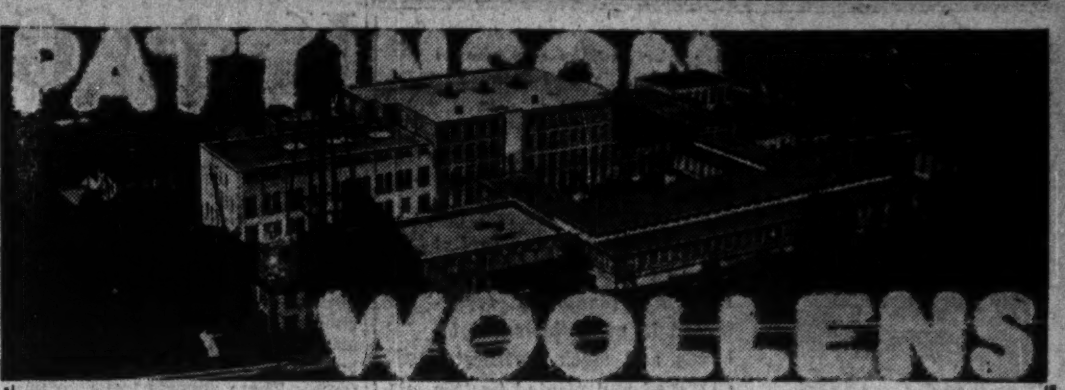
Like other organizations in the textile industry, it was able to show a marked improvement in earnings in 1939, with net profit totalling $129,650, compared with $75,724 in 1938.

Capitalization of the company is relatively small, with $140,000 of 4%, 10-year serial bonds outstanding at Dec. 31, 1939. There were 10,000 no par value common shares outstanding at that time.

Net profit was equal to $12.97 on the common stock in 1939 and $7.57 in the preceding year.

Dividends of $5 were paid out of 1939 profits, against $2.50 in 1938 and 1937. Earnings on this stock have been covered by a comfortable margin in the past three years.

Net working capital increased $59,000 to $1.4 million at the end of 1939.



Recognized Leaders in the Canadian Trade for Sixty-Eight Years

"Pattinson Woollens" are known and accepted for their high standard of quality that is constantly dependable—from year to year. Our mills at Preston are commonly recognized as the most modern and best equipped in Canada. Uniform weaving, superior finish, up-to-date patterns and colours as well as the use of quality yarns are features of "Pattinson Woollens."

Manufacturers of

MEN'S

Overcoatings Topcoatings Tweed Suitings Mackinaws

LADIES'

Cloakings Blanket Cloths Polos Tweeds

GEO. PATTINSON & CO.
LIMITED

PRESTON *Established 1870* ONTARIO

Montreal Cottons Backlog Expands

From Our Own Correspondent

MONTREAL. — Montreal Cottons Ltd., associated with Dominion Textile Co., has received an additional contract for $104,000 from the Department of Munitions and Supply.

For some months past the company's big Valleyfield plant has been operating at capacity. The placing of the war contract last week will add materially to the backlog of business on the books.

Courtaulds

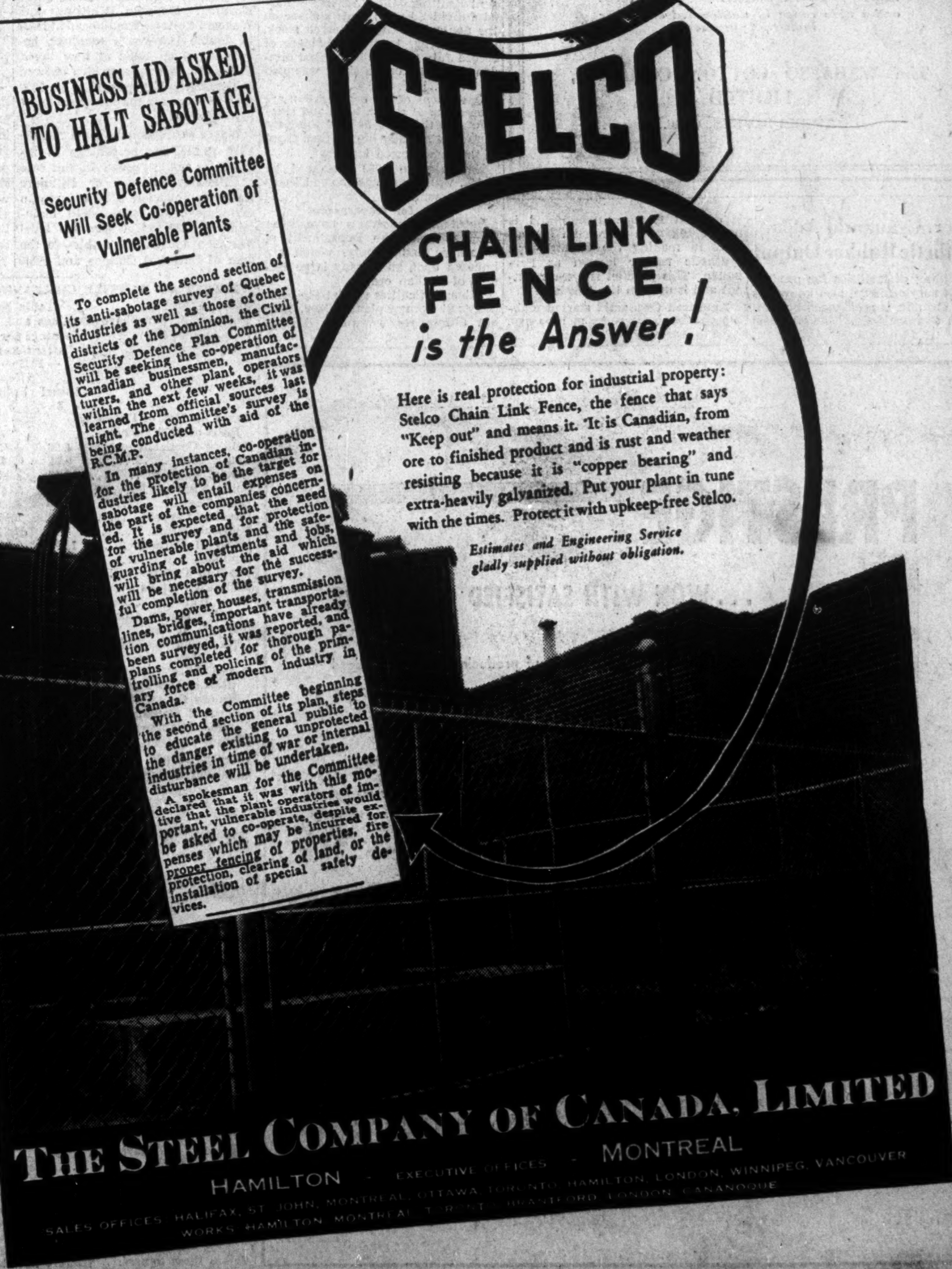
While there is no public investment interest in Courtaulds (Canada) Ltd., which is a wholly-owned subsidiary of a British company, it is a large unit in the Canadian textile industry. Principal product is viscose yarn.

This year the company is engaged in installing 20 more spinning machines at its Cornwall, Ont., plant. Some difficulties have been encountered in obtaining delivery of equipment, but plans are to have the units in operation by year end. This project follows closely upon a $3 millions addition which involved the installation of 50 viscose yarn machines.

It is understood that, in line with the balance of the industry, the company has shown a better level of production due to the war demand. It is too early to say, however, if the record sales level of 1937 will be equalled or passed in 1940.

Foresight!

The advertisement reproduced below, appeared in an April, 1939, issue of Financial Post. Since then, many firms have protected their plants by installing Stelco Fence. Is YOUR firm among them? Write today for new folder "Preferred Permanent Protection."


BUSINESS AID ASKED TO HALT SABOTAGE

Security Defence Committee Will Seek Co-operation of Vulnerable Plants

To complete the second section of its anti-sabotage survey of Quebec industries as well as those of other districts of the Dominion, the Civil Security Defence Plan Committee will be seeking the co-operation of Canadian businessmen, manufacturers, and other plant operators within the next few weeks, it was learned from official sources last night. The committee's survey is being conducted with aid of the R.C.M.P.

In many instances, co-operation for the protection of Canadian industries likely to be the target for sabotage will entail expenses on the part of the companies concerned. It is expected that the need for the survey and for protection of vulnerable plants and the safeguarding of investments and jobs, will bring about the aid which will be necessary for the successful completion of the survey.

Dams, power houses, transmission lines, bridges, important transportation communications have already been surveyed, it was reported, and plans completed for thorough patrolling and policing of the primary force of modern industry in Canada.

With the Committee beginning the second section of its plan, steps to educate the general public to the danger existing to unprotected industries in time of war or internal disturbance will be undertaken.

A spokesman for the Committee declared that it was with this motive that the plant operators of important, vulnerable industries would be asked to co-operate, despite expenses which may be incurred for proper fencing of properties, fire protection, clearing of land, or the installation of special safety devices.

Buy War Savings Certificates and War Savings Stamps

FROM small beginnings, Canada's manufacturing industry has grown to impressive proportions and the growth continues. The capital invested in Canadian manufacturing plants is represented in many instances by bonds and stock certificates engraved and printed by this company.

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

The Old Canadian Company *Established 1866*

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HEAD OFFICE: OTTAWA
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Knit Goods Makers Rushed

Employment Reaches All-time High on War Demand

Knit goods companies have enjoyed an abnormally high demand during the past 10 months, with civilian business better and new demands provided by the Government orders for uniforms for the armed forces. There appears to be no immediate prospect of any great slackening in the latter business, with the need increased rather than lessened as a result of the speeded up volunteering and proposed conscription of soldiers.

Civilian business has improved in line with the general step-up in business. Regular orders in 1938 and up to August in 1939 were somewhat below the normal level of 1935-37, but since September demand has been better. Some of the spurt was due to hoarding in anticipation of sharp price rises, but this is only a minor factor now.

Index of employment for knit goods companies rose from 121.2 last August to a record high of 141.2 in April, an increase of about 17%.

Companies in this group will, like all others, feel the increase in Government taxes, while wages have also gone up since the outbreak of war. There have been no serious interruptions in supplies of raw goods, although prices are somewhat higher, particularly of cotton and wool. Silk also went up during the early months of the war, but is again at pre-war levels.

Mercury Mills

Mercury Mills Ltd., Hamilton, manufactures knitted goods. The major part includes wool, cashmere and silk hosiery and underwear.

Sales showed a substantial increase in 1939. War orders, however, were responsible for less than 3% of the total. Net profits for the year totalled $35,455 compared with net loss of $25,594 in the previous year. This was in spite of an increase of $81,930 in deduction for depreciation and contingencies.

Interest charges were lower in 1939 by about $5,563. The capital reorganization of 1939 is expected to result in a further reduction of about $20,000 during 1940.

Bond interest was earned 3.62 times after depreciation in 1939, compared with 0.79 times in 1938. Based on interest charges and bonds outstanding at Feb. 22, 1940, interest requirements were 3.74 times in 1939. Bond interest was earned for the first time since 1929 last year, although interest payments have always been made. Sinking fund is in arrears from 1933.

Working capital at end of 1939 totalled $61,902, as compared with $504,123 a year previous. Since close of the year, the company has received a further $150,000 in cash from the sale of serial bonds.

The reorganization of 1939 eliminated the burden of arrears of sinking fund payments on old bonds, also dividend arrears on old preferred stock.

J. R. Moodie

J. R. Moodie Co., with head office in Hamilton, manufactures underwear and knitted goods. No financial statement is published.

Capitalization includes 30,000 shares of common stock, no par value, authorized and outstanding. Funded debts include $453,000, 6% first mortgage, sinking fund bonds, series A, due July 1, 1948, and callable at 101 to 1943 and 100 thereafter.

Regent Knitting

Reflecting improved operations in the first six months of the year, Regent Knitting Mills Ltd. has declared a dividend of 40 cents a share on the non-cumulative preferred stock, payable Aug. 1 to shareholders of record July 15. This is the first dividend since 40 cents a share was paid on Dec. 1, 1938.

Operations of the organization are proceeding at a high level and shipments in the first half of the year were substantially higher than those in the same period last year.

Net sales in 1939 increased by 19.1%, while earnings showed sharp improvement.

Work for Government

Substantial contracts have been received from the Department of Munitions and Supply, which are imposed upon an already large volume of civilian orders.

Labor difficulties rose at the company's St. Jerome plant in Nov., 1939, but differences were settled after the plant had been closed for about two weeks.

In 1939 net profit amounted to $43,597, compared with a net loss in 1938 of $116,744. Depreciation of $79,906 was charged in the past year, against $37,000 for this purpose in 1938.

The company has been operating at about 90% of capacity since the outbreak of war and operations for the current year at this time are better than in 1939.

Celtic Knitting

Sales of Celtic Knitting Co. in the year to date are approximately 10% ahead of the same period in 1939. In recent months sales have declined seasonally. The company has not suffered to as great an extent as the hosiery industry generally. Earnings have been maintained and it is expected that the gains registered to date will be maintained for the remainder of the year.

The company manufactures silk, silk and wool and cashmere hosiery in the lower price field. Its products are therefore not regarded as luxury lines and are less subject to any decline that expensive merchandise would suffer from a period of uncertainty.

After getting off to a slow start in 1939 business improved greatly and following the outbreak of war the company's sales volume rose to capacity.

Earnings showed a proportionate increase. Net profit in 1939 amounted to $6,126, compared with $1,201 in 1938. This was equal to 23 cents on the common shares in 1939 and four cents in the previous year.

No dividends have been paid on the common stock since the initial dividend of 15 cents a share on Sept. 1, 1929.

The company has not shown any substantial earning power, but profits have fluctuated in a relatively small range. Net working capital improved in 1939, totalling $66.904 at the end of the year, against $58,273 at the end of the previous year.

Knit Goods

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1939	1938
Mercury Mills:					
1st Mtge., Sink. Fund	5	1959	801,000	2.62	0.79
1st Mtge. Serial	5	1941-46*	150,000	....	....
*Maturing $30,000 annually Feb. 1, 1941-1946.					
J. R. Moodie:					
1st Mtge., S.F. A	6	1948	453,000	Not avail.	
Regent Knitting Mills:					
1st Mtge. Serial	3	1940-43	75,000	4.19	nil
1st Mortgage	4	1952	375,000		
York Knitting Mills:					
1st Mtge., A Serial	2¾	1940-49	1,000,000	†19.17	†7.58
1st Mtge., A Serial	3½-4	1940-45	300,000	9.30	3.48
	4½	1952	600,000		

Stocks

	Outstand. $	Earned per share 1939 $	Earned per share 1938 $	Div. Rate $	Price Range —1939-40— High	Low	Last Price	Yield %
Celtic Knitting:								
Common, n.p.v.	27,000 sh.	0.23	0.04	nil	3	1⅛	1⅛	..
Mercury Mills:								
Common, n.p.v.	79,550 sh.	*0.446	d1.91	nil	*12½	*5	...	..
*New stock.								
Monarch Knitting:								
Pref. cum., par $100	750,000	12.41	d7.66	†7.00	65	19½	60	..
Common, par $100	1,275,000	*3.18	*d8.62	nil	6	1	4	..
*After deduction of full year's preferred dividend. †Paid Feb. 1940.								
J. R. Moodie:								
Common, n.p.v.	30,000 sh.	No financial statements available.						
Regent Knitting Mills:								
Pref. non-cum., par $25	400,000	2.72	d7.30	†0.40	21	10	10	..
Common, n.p.v.	65,009 sh.	0.28	d2.19	nil	7½	3	3½	..
†Paid in 1940 to date.								
York Knitting Mills:								
1st pref., par $100	150,000	173.34	56.70	7.00	100	100	..	7
2nd pref., par $100	300,000	83.17	24.85	7.00	..	..	..	..
Common, n.p.v.	229,012 sh.	1.00	0.23	†0.20	11	4	6	..
†Paid in 1940 to date.								

Monarch Knitting

Current sales and earnings of Monarch Knitting Co., it is understood, have shown improvement from those of the corresponding period of 1938.

Net profit of $93,066 in 1939 was the highest since 1929 and compared with loss of $67,433 in 1938. Military orders from all sources amounted to only 3.6% of total sales volume during the year. Better conditions in western Canada contributed to better earnings, and major improvement was in the last six months of the year.

Reflecting the further improve-

(Continued on page 15)

New Tax Hits Profits

(Continued from page 11)

1939, but this is reversed to a deficit figure of $1.37 on the basis of new taxation. Dividends are not being paid on this stock at present.

Brantford Cordage is another company which might receive special consideration, as reserve was called upon to cover first preference dividends in 1938 and 1939, while the second preferred stock is nearly eight years in arrears. On basis of last year's figures, earnings per share on first preferred stock are reduced from 23 to 16 cents, and annual dividend needs are $1.30.

Must Double Earnings

To maintain 1939 net profits, four companies—Canadian Cottons, Celtic Knitting, Monarch Knitting and Wabasso Cotton—would need at least to double last year's earnings, before taxes, on basis of new taxes. These are companies which showed substantially higher profits in 1939 than average for the four base years—1936-9.

Where earnings have been reasonably stable, the percentage of increase is not so great, In the case of Belding-Corticelli or Biltmore Hats, for instance, a 20% jump in earnings—before taxes—will maintain the 1939 net. Where the level has been a little less stable—in the case of Montreal Cottons and Penmans—40 or 50% increases will be necessary.

Companies which are likely to be classed as "depressed" businesses for purposes of the new taxation will be treated individually by tax authorities. It is not possible, therefore, to discuss the companies in any general presentation.

The following table, however, indicates why they probably qualify as "depressed" companies. Average earnings for the four base years, 1936-39, in five of the ten cases, are deficit figures, while the other five are exceptionally small profits.

Depressed Textile Businesses

	*Earnings 4-year average $	*Earnings in 1939 $	Taxes 1939 $
Acme Glove	22,225	4,128	723
Candn. Conv.	13,598	80,734	18,500
Dom. Woollens	d5,571	153,935	40,000
Mercury Mills	d1,668	63,411	27,956
Ont. Silknit	21,038	107,787	34,625
Regent Knit.	21,044	53,921	10,324
Tooke Bros.	d80,601	91	nil
Woods Mfg.	18,527	139,020	40,000
Candn. Cons. Felt	d39,879	d4,042	nil

d Deficit. * Before taxes.

Basis of Grouping

Under provisions of the revised excess profits tax, companies with low average profits in the four base years 1936-9 can be classed as "depressed." A Board of Referees, under the Minister of National Revenue, will consider such cases individually, and determine a tax of not less than 5% or in excess of 10% of the capital employed.

Capital is redefined as cost price of assets presently employed, less depreciation, "borrowed money and debts." Assets not actually employed in the production of profits, and assets producing tax-exempt incomes, will not be included. No clarification has been given as to what ranks as "borrowed money and debts."

Failing clarification of this term, it is difficult to arrive at estimates of the minimum and maximum taxes applicable to the "depressed" textile firms.

Effect on Investors

In this group for the most part, preferred shareholders are primarily concerned as to the effect of new taxes. Only one company, Canadian Converters—no preferred stock authorized—is currently paying dividends on common stock. A 50 cent distribution being made next month is the first since 1937. Mercury Mills has only common stock authorized, and is not paying dividends.

All seven other companies have preferred issues to receive first attention. Only two companies, Acme Glove and Regent Knitting, are currently paying dividends, and the former is six months or $3.50 per share in arrears. Dominion Woollens has paid nothing on its 6% preferred stock, but as it is non-cumulative there are no arrears.

The other companies are somewhat in arrears on preferred issues. Ontario Silknit is behind $17.50 per share or 2½ years; Tooke $63 or 9 years, Woods Manufacturing $66.50 or 9½ years and Canadian Consolidated Felt $167 or 24½ years.

EFFECT ON TEXTILE COMPANIES OF EXCESS PROFITS TAX

Table No. 1
Per Share Earnings and Price Earnings Ratio

	*Earnings per sh. after taxes —1939— Actual $	†New basis $	Curr. divd. rate $	‡Yield %	Price-earns. ratio Actual 1939	After E. P. Tax
Taxed on 75% of Excess on Basis of 1939 Earnings:						
Belding-Corticelli	6.96	4.87	4.00	5.8	11.6	16.4
Bruck Silk	0.24	0.14	nil	nil	19.8	33.9
Candn. Cottons	13.48	1.08	$4+$2	5.9	7.4	93.5
Celtic Knit.	0.23	0.14	nil	nil	8.7	14.3
Dom. Textile	7.70	4.39	5.00	6.4	10.0	17.5
Harding Carpets	0.61	0.40	0.20+0.10	9.6	5.1	7.8
Monarch Knit	3.18	d1.37	nil	nil	1.2	..
Montreal Cottons	13.75	7.70	4.00	6.7	4.4	7.8
Penmans	4.09	3.14	3.00	5.6	13.1	17.0
Tip Top Tailors'	1.51	1.21	0.60	5.5	7.2	9.1
Wabasso Cottons	8.25	1.69	2.00	8.3	2.9	14.2
York Knit.°	1.00	0.61	0.20	3.3	6.0	9.8

*Of common stock. †Estimated after allowing for increased levy under E. P. Tax. °Figures for 1936 not available, but estimate included from which to obtain these figures. ‡At current market prices.

	Actual $	New basis $	Curr. divd. rate $	Yield %	Actual 1939	After E. P. Tax
Taxed on 30% Minimum on Basis of 1939 Earnings:						
Biltmore Hats	1.24	1.06	0.60	8.1	9.4	6.0
Brantford Cordage††	0.23	0.16	1.30	85.9	123.4	6.1
Candn. Celanese	4.07	2.94	1.00+1.85	6.6	9.2	10.6
Cosmos Imperial	1.92	1.65	1.20	10.4	12.1	6.0
Guelph Carpet	2.04	1.33	1.00	°	°	°
Hamilton Cotton	3.16	2.46	nil	°	°	°

††First preferred. °These figures cannot be computed, as this stock not listed.

* * *

Table No. 2
AMOUNT OF INCREASED EARNINGS REQUIRED TO MAINTAIN 1939 NET PROFITS

	1939 Profits Before taxes $	After taxes Old $	After taxes New $	†Earns. required to equal 1939 net $
Taxed on 75% of Excess on Basis of 1939 Earnings:				
Belding-Corticelli	156,712	112,712	97,038	196,000
Bruck Silk	37,303	29,850	17,005	70,000
Candn. Cottons	854,484	585,832	248,978	1,725,000
Celtic Knit.	6,402	6,126	3,754	13,500
Dom. Textile	3,045,969	2,214,070	1,321,646	5,400,000
Harding Carpets	127,677	104,677	68,675	220,000
Monarch Knit.	123,224	93,066	35,050	280,000
Montreal Cottons	786,473	622,473	440,930	1,270,000
Penmans	453,207	328,207	267,380	610,000
Tip Top Tailors	321,523	253,004	217,014	430,000
Wabasso Cotton	1,015,208	576,862	118,293	2,250,000
York Knit.*	336,014	260,014	171,828	560,000
Taxed on 30% Minimum on Basis of 1939 Earnings:				
Biltmore Hats	120,763	84,534	99,585	142,500
Brantford Cordage	8,890	6,223	8,890	12,750
Candn. Celanese	2,443,995	1,689,796	1,998,995	3,300,000
Cosmos Imperial	267,865	187,506	214,841	340,000
Guelph Carpet	127,056	78,939	104,056	170,000
Hamilton Cotton	126,595	86,085	100,145	137,000

*Figures for 1936 not available, but estimate included from which to obtain these figures. †Before new taxes.

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Slips Pillow Cottons Broadcloths
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The WABASSO COTTON COMPANY, LIMITED
THREE RIVERS, QUE.

Amer. Cyanamid Adds Synthetic Rubber Output

Doubling of facilities for production of acrylo-nitrile, also known as vinyl cyanide, is announced by American Cyanamid Co. This chemical is derived from cyanamid and is used along with petroleum derivatives in making the German-type synthetic rubber known as Perbunan. This product is wear-resistant and is used in tire treads.

American Cyanamid started making acrylo-nitrile some months ago.

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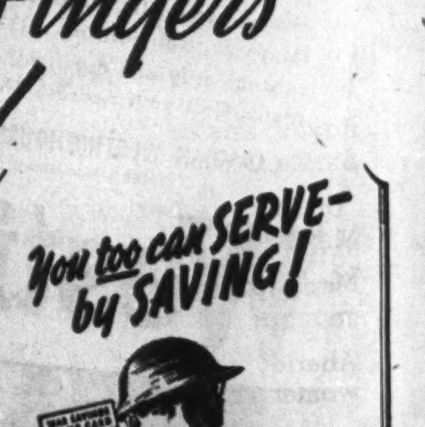

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Miscellaneous Co's

Biltmore Hats

Biltmore Hats Ltd., Guelph, Ont., manufactures men's fur felt and velours hats. Sample rooms are operated in principal cities of Canada. In the fall of 1939, the company leased a factory building in Guelph, with 26,000 sq. ft. floor space. The additional branch was equipped and in operation by the end of last January.

First six months of the current fiscal year, which ends Nov. 30, next, were the best in the company's history. Outlook for the coming months is regarded with optimism, as volume of orders continues on a satisfactory basis.

The improvement probably reflects the increased capacity made available at the beginning of 1940.

The company is well protected, having on hand sufficient raw materials to carry it until end of the current year.

Net profit of $99,585 in year ended Nov. 30, last, compares with $61,607 for the previous year. The better showing was due to increased sales and to installation of more modern machinery in several departments.

Strong liquid position has been maintained, working capital amounting to $428,689 at end of the last fiscal year, compared with $416,166 twelve months previous. Improvement was shown despite retirement of $15,000 debentures and expenditures of about $36,000 on plant improvement and new machinery.

Commencing with April 15, last, common dividends were placed on a quarterly basis of 15 cents per share or a total of 60 cents per annum. This compared with former rate of 25 cents semi-annually. Extra payments of 12½ cents per share were made in the 1938-1939 fiscal year.

Total of 70 cents per share has been made covering the first nine months of the current fiscal year. Payment of the regular 15 cents per share due Oct. 15, will bring the year's total to 85 cents per share. If an extra was paid Oct. 15 the figure, of course, would be higher.

Acme Glove

Better levels in operations of Acme Glove Works are indicated by payment of a dividend of $3.25 a share on its 6½% cumulative preference stock on July 2. A similar payment was made on Jan. 2 of the current year. After the July 2 payment arrears were reduced to $3.25 a share on the preferred stock.

The improvement that was manifested in operations in 1939 continued into the current year. Sales during 1939 increased by 6% over those in the preceding year. Unfilled orders on the company's books at the beginning of the current year were 90% in excess of those of the previous year. Improved business is regarded as probable for the balance of the year.

Because of adverse business conditions the company deferred dividends on both preference and common shares on April 1, 1939. No payments were made thereafter until the Jan. 2 dividend on the 6½% preference stock. Last dividend paid on the common stock was on Jan. 3, 1939, when 12½ cents was paid. This constituted all the dividends paid on the common during that year. In 1938 50 cents was paid.

Earnings Better

In 1939 a net profit of $3,405 was reported, against a net loss of $55,432 for 1938. Earnings in 1939 were equivalent to 49 cents a share on the preference stock, and a deficit earning of $1.72 a share on the common stock. Deficit earnings were reported on both classes of stock in 1938.

The company's strong liquid position was maintained in 1939, with net working capital totalling $818,627 at the end of the year, compared with $820,916 at the end of the preceding year.

The company produces a wide range of fine leather and work gloves, ski apparel and various sportswear.

Tip Top Tailors

Tip Top Tailors manufactures and distributes men's and women's made-to-measure clothing. More than 50 retail stores are operated throughout the Dominion, while products are also sold through agencies. A larger and finer store was opened in downtown Toronto during early 1940, to replace the former store.

A subsidiary, Tip Top Tailors Inc., operates eight stores and two showrooms and is represented by about 125 dealers in the eastern United States.

The Canadian company is a major unit in the supply of military orders for uniforms. Near capacity or capacity operations have continued since early in the war, and earnings in the first five months of the current fiscal year showed an increase over the comparable period of 1939. It is understood maintenance of present rate of operations throughout balance of the year may result in higher earnings than 1937, best year since 1929.

The company has set up a complete separate department to handle military orders. Any slack in the civilian department is immediately taken up by uniform business.

Net profits in 1939 totalled $253,004, equal to $1.51 per share. This compared with 76 cents in the previous year.

Working capital of $1.4 million is fractionally lower than at the end of 1938. Current assets increased over $300,000 during the year. This was primarily offset by advances to the company from the bank totalling $235,195 made during 1939.

Losses incurred by the American subsidiary during 1939 amounted to $115,406 due to expenses involved in establishing the business, opening branches, training staff, etc. A further advance of $70,000 has been made since Jan. last. Investments in and advances to the subsidiary were written down to $1 as at Dec. 30 last, compared with $90,671 a year previous.

The Canadian company guarantees dividends on the $6 cumulative redeemable sinking fund preferred stock, no par value.

Brantford Cordage

The Brantford Cordage Co. is the largest manufacturer of binder twine in the British Empire. About two thirds of output is for Canadian consumption, while balance is normally exported.

Net profit of $890 for year ended Aug. 31, last, compared with $268,117 in year ended Aug. 31, 1937. It was the third poorest year since 1925, when the company was organized.

Substantial improvement in sales, however, took place after close of the fiscal year. This was due to the western harvest being later than usual. Coupled with satisfactory collections of receivables, this resulted in considerable improvement in the cash position by Oct. 31. Cash then totalled over $1 million, as compared with $572,061 at the end of the fiscal year.

Volume of business for year ended Aug. 31, last, was satisfactory, but prices of binder twine which were already very low, declined further. There were only two other years during the past quarter century when prices had been so low.

The company has maintained dividends on the first preferred stock, but arrears on the second preferred totalled $20.89¼ a share at May 31, last. No dividends have been paid on the common stock.

Redemption and cancellation of 237 first preference shares was effected during the year. This complies with sinking fund requirements.

Working capital was reduced for the second successive year, being at $1.6 million at the end of last fiscal year, down about $73,000 from a year previous.

Textile Profits Move Up

	Net Profits 1939 $	Net Profits 1938 $	Share Profit on Common 1939 $	Share Profit on Common 1938 $	Dividend 1939 $	Dividend 1938 $
PRIMARY COTTON OPERATORS						
Can. Cottons*	585,832	116,543	13.48	°3.80	6.00	4.00
Cosmos Imp.	214,841	159,504	1.92	1.36	1.05▲	1.25
Dom. Textile*	2,214,070	1,020,231	7.70	3.28	5.00	5.00
Hamilton Cottons	100,145	70,688	3.16	1.69	...	...
Montreal Cottons	622,473	271,702	13.75	2.06	2.00	2.00
Wabasso Cottons*	576,862	187,979	8.25	2.69	‡1.33	1.15
SILK OPERATORS						
Beld.-Corticelli	112,712	97,803	6.06	4.97	4.00	4.00
Bruck Silk	29,850	1,257	0.24	0.01	...	...
Ont. Silknit	73,162	°158,398	0.32	°22.34	...	...
Riverside	80,742	78,957	2.69	2.63	2.00	2.00
Supersilk	84,333	69,649	0.59	0.44	...	...
KNIT GOODS OPERATORS						
Celtic	6,126	1,201	0.23	0.04	...	...
Mercury	35,455	°25,594	0.44	°1.91	...	...
Monarch	93,066	°57,433	3.18	°8.62	...	...
Regent	43,597	°116,744	0.28	°2.19	...	...
York	260,014	85,052	1.00	0.23	†	...
WOOLLEN OPERATORS						
Dom. Woollens	113,935	°182,796	0.25	°3.03	...	...
Paton Mfg.		Not Reported			‡.50	...
Penmans	328,207	159,595	4.09	1.47	3.00	3.00
CARPET OPERATORS						
Guelph	104,056	35,005	2.04	0.07	1.00	1.00
Harding	104,677	1,617	0.61	0.01	.20	.20
MISCELLANEOUS OPERATORS						
Acme Glove	3,405	°55,432	°1.72	°4.17	...	.50
Biltmore Hats	99,585	61,607	1.24	0.70	.62½	.62½
Can. Celanese	1,998,995	1,317,248	4.07	1.71	2.85	1.00
Can. Converters*	62,234	°38,222	3.59	°2.20	♦	...
Tooke Bros.	91	°62,493	°7.89	°15.07	...	...
Woods Mfg.	99,020	°49,952	°0.47	°9.17	...	...

°Deficit or loss. *Fiscal years ended in 1940 and 1939. †Paid initial 20 cents dividend in 1940. ▲Increased to 30 cents quarterly. ‡Increased to 50 cents quarterly. ♦Will pay interim dividend 50 cents Aug. 15, 1940.

MONARCH-KNIT

Knitted Outerwear
for Men, Women and Children
Debutante Full Fashioned Hosiery for Women
Men's Silk and Wool Socks
Seamless Hosiery for Women and Children
Hand Knitting Yarns

The Monarch Knitting Company, Limited

Factories at
Dunnville, St. Thomas, St. Catharines
Head Office: Dunnville, Ont.
Branch Offices:
Toronto, Hamilton, Ottawa, Winnipeg, Calgary, Vancouver, Moncton
also
The Monarch Knitting Company of Quebec Limited
Confederation Building, Montreal

Lewis Ltd.

Lewis Ltd., with head office in Truro, Nova Scotia, is becoming an increasingly important factor in Canada's textile industry. It has pioneered in the development of a wool and staple fibre yarn, which is said to possess many advantages over an all-wool yarn.

The company has completed installation of one of the most modern wool combing plants on the continent. A new warehouse is being built in addition. Hats and shirts have been the principal products manufactured but in recent years the company has branched out to become active in the textile field.

Activities have grown steadily until at the present time there are 700 employees.

The company caters principally to a domestic market but up to the commencement of the war had taken steps to develop its export trade. Markets had been established in Great Britain, Australia, New Zealand, South Africa, Newfoundland and the British West Indies.

The difficulties in maintaining this market can be readily seen, but it is believed that the domestic market and increased demands brought about by war will do more than compensate for the export loss.

Miscellaneous Textiles

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1939	Times Int. Earn. After Deprec. 1938
Biltmore Hats:					
Debentures	3½-3¾	1940-43	45,000	....	....
	4	1944	100,000	....	....

Stocks

	Outstand. $	Earned per share 1939 $	Earned per share 1938 $	Div. Rate $	Price Range 1939-40 High	Price Range 1939-40 Low	Last Price	Yield %
Acme Glove:								
Pref. cum. conv., par $100	687,900	0.49	d8.06	6.50	57	50	50	..
Common, n.p.v.	24,000 sh.	d1.72	d4.17	nil	6	2	3	..
Biltmore Hats:								
Common, n.p.v.	80,000 sh.	1.24	0.70	*0.60	12	8	10	7½
*Bonus of 15 cents paid Jan. 25, 1940.								
Brantford Cordage:								
1st pref. cum. red., par $25	955,225	0.23	d0.21	1.30	24¼	17⅝	19¾	6.5
2nd pref. cum. red., par $25	600,000	d1.71	d2.43	nil	..	..	..	..
Common, n.p.v.	80,000 sh.	d1.04	d1.25	nil	..	..	..	..
Tip Top Tailors:								
Pref. cum. s.f. red. conv., par $100	1,012,400	24.99	15.76	7.00	110	95	106¼	6.6
Common, n.p.v.	120,000 sh.	1.51	0.76	0.60	15	8½	11	5.5

Knit Goods Companies

(Continued from page 14)

ment in 1940, a payment of $7 per share on the 7% preferred stock, $100 par value, was made last February. No payment was made in 1939 and $2.75 was paid in 1938. Arrears at June 30 totalled $59.66-2/3.

Working position was improved during 1939. Bank loans, which had been reduced from $249,252 to $115,733 during 1938, were entirely eliminated last year. Working capital at the end of the year stood at $823,141 compared with $715,509 12 months previous. Cash on hand was $97,820, up over $38,000.

York Knitting

Orders on hand for York Knitting Mills Ltd. indicate good prospects for the current year. Sales in the first quarter were somewhat greater than in the corresponding period of 1939.

Sales in 1939 were up 19% over the preceding year. Net profit of $260,014 compared with $85,052 in 1938. Earnings for 1939 were the highest since 1932, first year for which figures are available.

Initial common dividends of 20c. per share on the present stock was paid early this year.

Capital additions totalling $216,000 were made last year. It is anticipated the new equipment will contribute materially to future earnings.

The company is engaged in spinning cotton, woollen and worsted yarns. Also, it manufactures men's women's and children's hosiery and underwear.

ONTARIO SILKNIT LIMITED

590 King Street West
Toronto, Ont.

—Manufacturers of—

Rayon Knitted Lingerie shown in a variety of Novelties and Staple Garments.

"Dunning Line" Silk, Satin, Rayon, Taffeta and Bemberg Mixtures.

Men's Rayon Undergarments — for men who appreciate superior comfort.

Aberley Sweaters, Pullovers, Catalina Swim Suits, for men, women and children.

Our extensive plant equipment of modern knitting machinery, with consequent large production, enables us to supply Knitted Rayon Fabrics at exceptionally attractive prices. Goods are dyed in our own plant, under the supervision of specialists.

Dunning Lingerie
ONTARIO SILKNIT LIMITED
Largest Manufacturers of Rayon Fabrics, Silk and Rayon Lingerie in the British Empire.

MORE THAN

$5,000 PROVIDED FOR EACH JOB

CREATED FOR A

CANADIAN CELANESE EMPLOYEE

Some 4000 Shareholders (over 80% of whom are residents of Canada) have invested more than $13,000,000 for plant, machinery, and working capital.

- THUS BACK OF EACH Canadian Celanese Employee is an investment of more than $5000 of money already spent on lands, buildings, machinery, or being used as working capital.
- THIS MONEY MAKES possible for each employee the job which he holds in this Company. The investment creates the job by providing the tools.
- CONSTANT IMPROVEMENT in machinery and technique is essential if jobs are to be kept because only by using the most up-to-date methods can goods be manufactured to compete against the products of other countries.
- CANADIAN CELANESE LIMITED is the result of co-operation between investors and workers. The Company's record of continuous employment, high wages and constant service to the community has only been possible by effective use of the money entrusted to the Company by the Shareholders, by keeping the plant up-to-date and by the loyal work of its 2600 employees in the factory and in the sales offices.

• • •

CANADIAN CELANESE LIMITED

MAKERS OF STYLE FABRICS

Silk Operators Hold Their Own

Hosiery Sales Even With Those In 1939 — Rayon Fabric Suffers

Canada's real and artificial silk industries have been able to report operations and sales on a somewhat better basis than a year ago. But this division of the textile economy has its own particular worries. As far as the real silk section is concerned, affairs are more or less normal, but in the rayon field conditions might be appreciably better.

There is relatively little pure broad silk made in the Dominion, most of the silk imported being used in the manufacture of hosiery. Last year production of silk hosiery amounted to over three million dozen, of which 505,000 pairs were exported. This compares with 2.8 million dozen produced in 1938, of which 518,000 pairs of total output were exported.

Per Capita Sales Up

Including imports of one thousand pairs in 1939, per capita consumption of silk hosiery in Canada for last year is estimated at 2.75 pairs, against 2.49 pairs in 1938.

The production of broad fabrics containing silk declined about 45% from 1938 to 1939. As a consequence roughly 85% of silk imports were used for hosiery of all types in the past year.

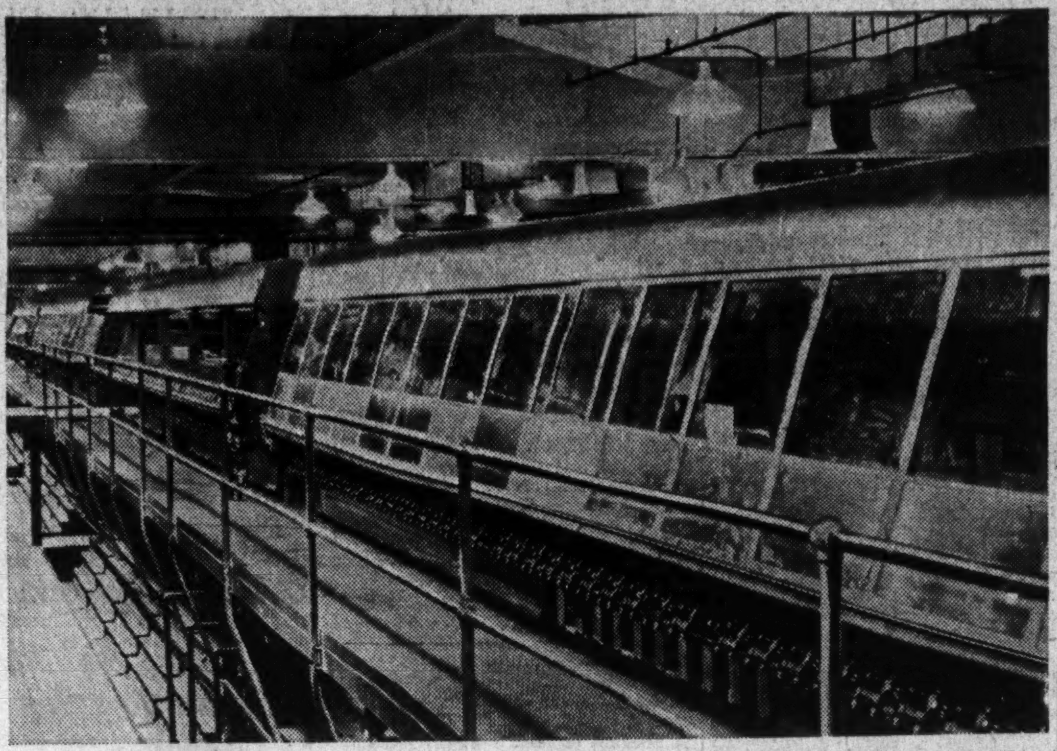
Both domestic and export conditions in the silk hosiery section this year are comparable to those prevailing at year ago. There has been no particular change.

Work off Stocks

In the artificial silk or rayon section a different situation exists. Abnormally heavy shipments of rayon fabrics last fall glutted the market. The strike at Canadian Celanese's plant did little to corrfect the situation.

Operations in this field naturally will be affected until the oversupply is corrected.

Prices of raw silk have fluctuated widely since the outbreak of war and caused considerable confusion to the industry. At present, the figure has returned to prewar levels. Price of 83% silk last July approximated $2.70 per pound, while it climbed steadily to a high of $4.19 early in January. Since then it has moved gradually downward and is again down around $2.75. The sharp rise is attributed to the fear Japanese supplies might be cut off as a result of the war.



Not a derailed streamlined train but a view of a continuous spinning machine in a rayon factory. Inside the glass and steel-enclosed top tier of the machine, liquid rayon passes through minute holes in nozzles submerged in the "spin bath" and comes out as yarn. It is completely processed as it passes over a sequence of reels in the lower sections to bobbins at the bottom, beneath the second tier walkway seen on the left.

Bruck Silk

Outlook for Bruck Silk Mills Ltd., manufacturers of pure and artificial silk, is considered encouraging. The company has increased plant efficiency. Sales have been expanding. Installation of new equipment will reduce costs, speed up deliveries and be reflected in profits for the current year.

In the year ended Oct. 31, 1939, value of sales increased 30.50% over the previous year and yardage sales were up 37%.

A net profit of $29,850 was reported, which compares with $1,257 in the preceding fiscal year. This was equivalent to earnings of 24 cents a share and one cent a share on the 125,000 of no par common stock outstanding.

No dividends have been paid on the stock since disbursements of 10 cents a share on April 15, 1937.

Working capital at Oct. 31, 1939, totalled $666,061, against $727,521 at the end of the preceding fiscal year. Bank loans increased from $75,000 to $135,000. Inventories increased by 9.4% in total value. Amount of outstanding 6½% first mortgage bonds was reduced to $410,500 from $418,600.

Belding-Corticelli

Sales of Belding-Corticelli Ltd. have shown substantial increases in the current year. Sales prospects for the remainder of the year are regarded as favorable.

In the year ended Nov. 30, 1939, net profit totalled $112,712, compared with $97,803 in the preceding year. This was equivalent to earnings on the 7% preferred stock of $13.03 in 1939, and $11.30 in the 1938 fiscal year. Earnings on the common stock amounted to $6.96 and $4.97, respectively. Earnings in 1939 were the best in any year since 1930.

The company has a record of steady dividend payments. Disbursements have been made on the 7% preferred regularly since 1917. The common stock is on a regular $4 basis, at which point it has been stabilized since 1933. Prior to that time the rate was $7 annually.

High prices for raw silks have affected operations adversely. At the annual meeting W. P. MacDougall, president, stated that prices of raw silk had declined sharply. which should benefit the company.

Raw Silk Prices

Large gains were made in sales during 1939, particularly in the last three months of the year, when they were highest since 1922. This included both domestic and export trade.

Exports were hampered by increasing import restrictions by various countries, but domestic competitive conditions improved owing to factors arising out of the war.

The company manufactures silk thread for all purposes and various other related products. It is an extremely important factor in the Canadian market for silk threads, etc.

Candn. Celanese

Canadian Celanese Ltd. is embarking upon a large programme of plant expansion following the most satisfactory year in its history. It was stated at the annual meeting by the president that this expansion may involve expenditures of $1 million or $1.5 million in addition to the work already undertaken. It is believed that this would not necessitate further financing.

Earnings on the common stock of the company in the first quarter before provision for excess profits tax were $1.34 a share, compared with 60 cents last year. Figures are not yet available for the half year, but these will be adversely affected by the plant shut-down.

In 1939 the company reported net profit of $1.9 million, compared with net profit of $1.2 million in 1938. This was equal to earnings of $18.77 on the preferred stock, and $4.07 on the common stock, compared with $11.95 and $1.71, respectively, in 1938.

A participating dividend of $1.16 a share was paid on the preferred stock on April 1 out of accumulated earnings available at the end of 1939. In the two previous years participating dividends of 50 cents and 54 cents were paid. In addition to this, dividends at the rate of $7 a share are being paid.

Common dividends paid during 1939 amounted to $2.85 a share, of which 35 cents was paid in respect of 1938 earnings. Regular quarterly payments consisted of 25 cents and $1.50 was paid as a bonus at the end of the year.

Dividend Policy

It was stated that the company considers it desirable to maintain its cash position in view of current plant expansion. It is therefore considered possible that the company may pursue a policy of paying comparatively small cash dividends, but substituting bonuses in stock. This is the procedure followed by American Celanese Corp.

The company has maintained a strong working capital position. At the end of 1939 net working capital amounted to $5.1 millions, compared with $5 millions at the close of the previous year.

Experience Labor Troubles

The company has encountered labor problems during the current year and following a strike on May 11 the company's plant was closed down on May 14. All operations were suspended indefinitely. Operations were resumed in the later part of June. This has been a factor which undoubtedly will have an adverse effect on earnings in the current year.

Canadian Celanese owns sole rights for Canada of the Dreyfus patent for the manufacture of cellulose acetate, artificial silk, chemicals, fabrics etc. It also possesses all rights to products which may be developed in the future by the research organizations of the U. S. and British companies.

Riverside Silk

Riverside Silk Mills, Galt, Ont., produces silk yarns used in the manufacture of ladies' underwear and hosiery and also manufactures broad silk. Net profits of $80,742 in 1939 was up almost $2,000 from the previous year. Earnings have been relatively stable since 1934, first year for which figures are available. Surplus has been steadily increased and totalled $519,235 at the end of 1939. This was up nearly $8,000 from the previous year.

Capitalization consists of two classes of stock. Class A $2 cumulative are participating shares of no par value. Class B, the voting stock, is participating, of no par value. Dividends on class A have been paid at the rate of $2 per share per annum since 1926. Arrears were eliminated Jan. 2, 1937. Class B has received 50c. per share annually since 1938.

Working capital has increased almost uninterruptedly since 1933. At the end of 1939 it totalled $41,109, up almost $58,000 from the year previous.

Ontario Silknit

Ontario Silknit Ltd. manufactures directly and through subsidiaries, lingerie, dresses and other rayon products. Subsidiaries operate in England and Australia. The Canadian plant is located in Toronto.

Operating results for the first four months of 1940 showed an improvement over the corresponding period of 1939. This resulted from increased volume of business in Canada, England and Australia. All three plants showed a net profit for the period.

Prices of raw materials have gone up, while difficulty has been found in obtaining regular shipments. It has been found necessary to carry larger inventories and to continue to borrow from the bank as a result. Consideration of interest on the income funding rights and preferred dividends is being deferred until later in the year. Arrears on the 7% preference stock totalled $17.50 per share at June 30.

Net profit of $73,162 in 1939 compared with loss of $158,389 in the previous year. Results last year were best since 1935.

Working capital advanced to $799,293 as at Dec. 31, last, from $665,187 at the end of 1938. Inventories at $949,737 were up almost $100,000 from a year previous. Net current assets of the Australian and British subsidiaries represent approximately 65% of working capital.

Interest payments on the income funding rights have not been made since an initial $1 was distributed in 1937 for the 1936 year. By-laws require that, when the sinking fund for retirement of these rights exceeds $10,000 the company must redeem an amount sufficient to exhaust the fund. The fund stood at $14,000 on Dec. 31, last, but no action has yet been taken to redeem any rights.

Supersilk Hosiery

Supersilk Hosiery Mills, London, Ont., manufactures silk stockings. Exports have been made in normal times to Australia, New Zealand, Ireland, Trinidad, India, South Africa and other foreign countries.

Sales in the early months of 1940 have held up well. Outlook, however, is somewhat difficult to forecast as it is not possible to judge what the wartime factors do to the silk hosiery industry.

Net profit in 1939 of $84,333 represented almost $15,000 increase from the previous year and was the highest figure on record. The improvement was due to installation of additional equipment in the latter part of 1938. Earnings were not as large as expected in view of the increase in sales. This was due to very low hosiery prices in 1939. Manufacturing costs were up and wages have been increased. In the last quarter of last year, prices were increased.

Regular dividends at the rate of $5 a share annually have been paid on the new preference stock since the initial distribution of $2.50 a share was made July, 1937.

Certificates of arrears, which were issued early in 1937 in settlement of arrears on the old preferred stock, were outstanding to the amount of $24,537 in 1939. No dividends may be paid on the A and B stock while any certificates are outstanding.

Working capital of $270,337 at the end of 1939 showed a substantial increase over the previous year although it is slightly below the figure for 1937.

Silk and Artificial Silk

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1939	1938
Bruck Silk Mills:					
1st Mtge., S.F. Gold	6½	1945	410,500	2.37	1.09

Stocks

	Outstand. $	Earned per share 1939 $	1938 $	Div. Rate $	Price Range —1939-40— High	Low	Last Price	Yield %
Belding-Corticelli:								
Pref. cum., par $100	885,300	13.03	11.30	7.00	150	130	130½	5.4
Common, par $100	749,500	6.96	4.97	4.00	97½	80	80	5.
Bruck Silk Mills:								
Common, n.p.v.	125,000 sh.	0.24	0.01	nil	7	2	4¾	..
Canadian Celanese:								
Inc. fund rts., n.p.v.*	73,971	....	....	1.00	22	17⅝	22	4.5
Pref. cum. part., par $100	10,000,000	18.77	11.95	7+1.16†	129	95	111	6.3
Common, n.p.v.	260,409 sh.	4.07	1.71	1.00	37⅝	10⅛	29	3.4
*Issued in settlement of preferred dividend arrears. †Participating.								
Ontario Silknit:								
Pref. cum., par $100	1,000,000	†7.32	†d15.84	nil	35	7½	25	..
Inc. fd. rts.	10,000 rts.	†0.32	†d22.84	nil	5	3	3	..
Common, n.p.v.	40,085 sh.	nil	nil	nil	5⅛	4	5	..
†Before allowing for preferred dividends on Australia Silknit.								
Riverside Silk Mills:								
Cl. A cum. part., n.p.v.	30,000 sh.	2.69	2.63	2.00	30	22½	23	8.7
Class B part. vot., n.p.v.	20,000 sh.	1.04	0.95	0.50	..	..	..	..
Supersilk Hosiery:								
Pfd. cum. s. f., par $100	492,300	17.13	13.86	5.00	85	71	80	6.2
Class A cum., n.p.v.	75,000 sh.	0.59	0.44	nil	4¼	2	3	..
Class B, n.p.v.	25,000 sh.				4⅛	2⅝	4¾	..

U. S. Paperboard Mills Increase Operations

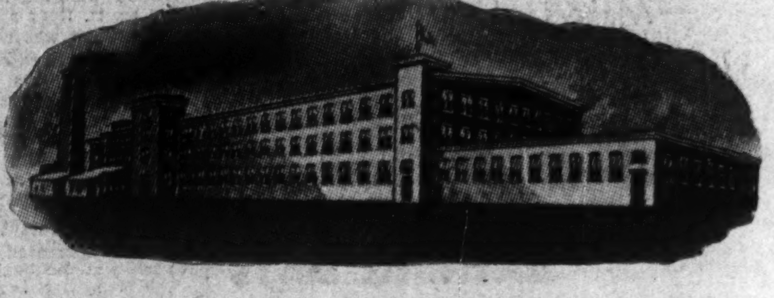
From Our Own Correspondent

MONTREAL.—U. S. paperboard mills operated at 77.1% of rated capacity during June, producing 470,244 tons. This compares with an output of 417,566 tons in the previous month and with 375,772 tons in May, 1939.

"Windsor Wear" for Men

"Evangeline" for Women

UNSHRINKABLE UNDERWEAR



NOVA SCOTIA TEXTILES Limited

Underwear Manufacturers

WINDSOR, NOVA SCOTIA

Marie's job is a WAR JOB Now!

More than a third of Dominion Textile's employees are women. An increasingly large part of the company's production now consists of necessary materials for Canada and Britain at war. Marie and thousands of other women are doing vital war work in textiles.

Marie's earnings per week have increased 24 per cent since July of last year. Costs of the raw materials she handles have risen at least that much. Selling prices of the finished goods have increased a good deal less than that figure since the start of the war.

DOMINION TEXTILE COMPANY LIMITED

VANCOUVER EDMONTON WINNIPEG HAMILTON TORONTO MONTREAL

Canadian Textile Industry Spends $70 Millions

Canada's textile industry has spent around $70 millions on new machinery, additions to buildings, new plants, in the 10-year period ended with 1939, according to an estimate published in the 1940 edition of the Manual of the Textile Industry of Canada.

It is estimated that of this amount over $35 millions was spent on textile machinery imported from abroad, mainly from the United Kingdom.

Expenditures in Canada on new buildings, steam and electrical equipment, and textile mill accessories, made up the balance.

All sections of the industry including cotton, wool, silk and rayon, knit goods, are covered by the $70 millions outlay.

Ten years ago rayon yarn and cloth manufacture in Canada accounted for a very small percentage of total output of the textile manufacturing industry. Today this section employs over 10,000 workers against less than 2,000 workers in 1929. It is estimated that expansion of rayon industry operations has involved an expenditure of around $20 millions in the 10-year period. Courtaulds (Canada) Ltd. and Canadian Celanese Ltd., have each spent around $7 millions and the rayon weaving and dyeing and finishing industry about $6 millions.

Expenditures of the cotton industry are estimated at $20 millions for the 10-year period, with around 85% of the total expenditure to replace obsolete machinery and equipment, the remainder having been spent on new plants.

Money for Hosiery

The outstanding feature of the knitting industry in Canada is expansion of full-fashioned hosiery production to the point where there are 28 plants in operation, supplying domestic and foreign sources. This division of the knitting industry has spent around $9 millions on new plants and expansion. With expenditures of around $4 millions on modernization and some expansion of other sections of the knitting industry, total outlay over the 10-year period is around $12 millions.

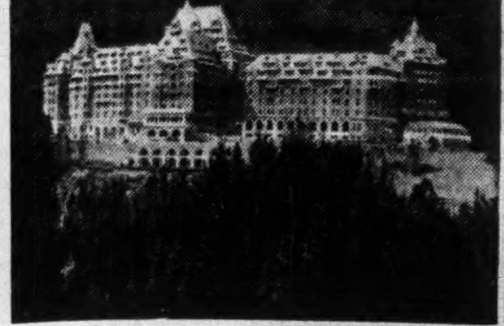
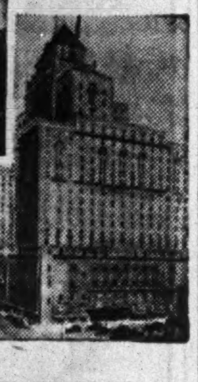
Ranking with the cotton industry as one of the oldest branches of textiles, the woollen and worsted industry's modernization record is not as extensive as those of the other sections. Development of new equipment has not progressed as rapidly as in other sections of the industry. New spinning and weaving plants established in the 10-year period, together with modernization of equipment in leading mills, accounts for an expenditure, possibly on the high side, of around $13 millions in the past 10 years.

Expenditures on miscellaneous developments including ribbon plants, new and expanded dyeing and finishing plants, a new fish-netting industry, cordage and other plants are estimated at around $5 millions for the 10 years.

Cons. Felt

Canadian Consolidated Felt Co. was dissolved last May.

At a special meeting of shareholders on May 8, an offer of Dominion Rubber Co., which controls Canadian Consolidated, was accepted to purchase the company for $50,000 in cash, cancellation of $198,000 of indebtedness and assumption of all liabilities.



Coast to Coast

Leading Hotels Know Value of

HARDING CARPETS

They know that Harding carpets fill the demand for luxury — richness, softness, beauty. They know, too, that Harding carpets answer that other important requirement — durability.

SEAMLESS AXMINSTER AND WILTON RUGS

as made in the Harding factories at Brantford are ideal for your Board Room, your President's office, your club and your own home. They are the pride of the Canadian textile industry.

HARDING CARPETS LIMITED
Brantford, Ont.
TORONTO MONTREAL VANCOUVER

Carpet Companies

Toronto Carpet

Toronto Carpet Manufacturing Co., manufactures carpets and rugs. Plants are located at Toronto, Campbellford, Ont., and Philadelphia.

No financial statement has been published since 1931. Capital structure was reorganized in 1937 to bring dividend and interest payment requirements into line with current conditions.

Capitalization includes $1 million 6% preferred non-cumulative stock authorized and $832,000 issued; and $1 million of common stock, $100 par, authorized and outstanding. Funded debt consists of $600,000 serial and term bonds.

Guelph Carpet

The Guelph Carpet & Worsted Spinning Mills Ltd., has enjoyed better business in the first nine months of the fiscal year ending Sept. 30 next, as compared with the same period in the 1938-1939 fiscal year. The company operates two plants at Guelph, Ont., engaged in the manufacture of worsted, weaving, machine and hand knitting yarns. Tapestries and carpets are made.

Earnings in the 1938-39 fiscal year were the highest since the present company was organized in 1929. They were equal to $2.04 per share on the common stock, compared with 7 cents and $1.83 per share in the previous two years.

Improvement has been due primarily to stimulation in domestic demand for rugs. The increased business has continued until recently. The company has been engaged, indirectly and in a small way, in military orders. Weaving yarns have been made for companies manufacturing uniform cloth but which are not equipped with woollen yarn machinery. A small proportion of the yarn is being used in the manufacture of blankets.

The company experienced difficulties in early months of the fiscal year in obtaining certain qualities of wool and wool tops. It is understood, however, that the problem since has been overcome.

The company has an excellent record of dividend payments. Distributions have been made on the common stock ever since incorporation of the present company in 1929. Common stock has received $1 per share annually since 1936, previous to which the rate was 75 cents.

Working capital of $736,625 at Sept. 30, last, was up over $43,500 from the previous year, although still below the average level for the previous nine years.

Harding Carpets

Harding Carpets Ltd., Brantford, Ont., manufactures carpets and rugs.

Net profit for six months ended April 30, last, was reported at $53,467. This is equal to 31 cents per share, which is understood to be up from same month of the previous year. Increase reflected general activity in business and the sudden demand for merchandise following the outbreak of war. Higher level of industrial employment and improved western crops provided funds to encourage rehabilitation of deteriorated household equipment.

Working capital at April 30, last, amounted to $484,468. This is the highest on record and an increase of $16,310 over figure at the close of the last fiscal year.

Net profit for year ended Oct. 30, 1939, totalled $104,677. This compared with $1,617 for the previous year, and the highest since 1927 when the company was organized.

Dividends of 10 cents per share quarterly have been paid since the beginning of 1937. Two extra payments of 5 cents have been made so far in 1940, first since 1927.

The marked difference in earnings in 1939 and 1938 was due in no small measure to the fact the company wrote off inventory losses in 1938. These had been caused by drastic decline in wool prices in 1937-38.

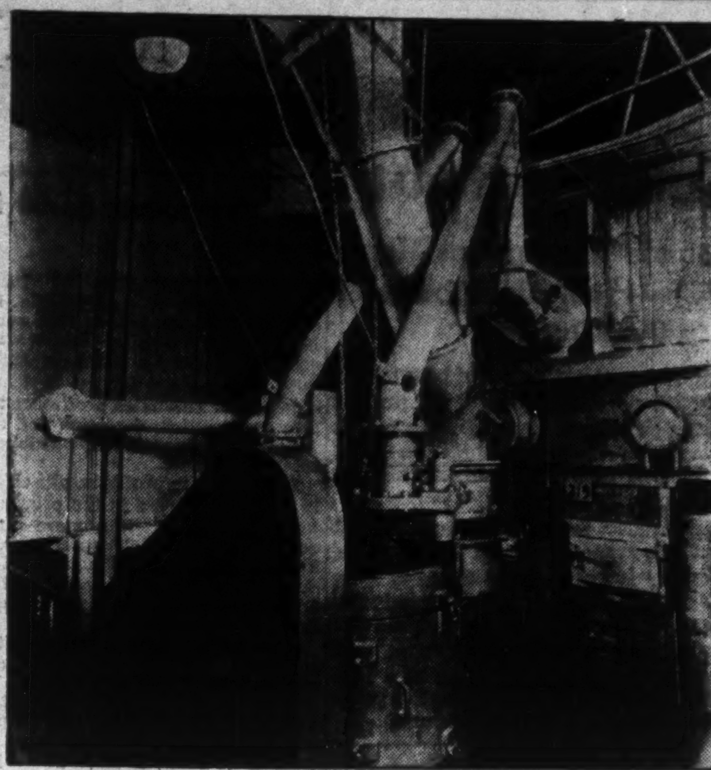
Carpets

Bonds

	Int. Rate %	Maturity	Outstanding $	Times Int. Earn. After Deprec. 1939	1938
Toronto Carpet:					
Serial and term bonds	...	....	600,000	Not avail.	

Stocks

	Outstand. $	Earned per share 1939 $	1938 $	Div. Rate $	Price Range —1939-40— High	Low	Last Price	Yield %
Guelph Carpet:								
Pref. cum. conv., red., par $100	500,000	20.81	7.00	6.50	..	..	..	..
Common, n.p.v.	35,000 sh.	2.04	0.07	1.00	..	..	..	..
Harding Carpets:								
Common, n.p.v.	173,521 sh.	0.61	0.01	.20+*.10	4⅝	2½	2⅝	..
*Extra paid in 1940.								
Toronto Carpet:								
Pfd. 6% non-cum., par $100	832,000	Not available		...	..	..	..	..
Common, par $100	1,000,000			...	..	..	..	..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A laundry is now saving $5,175; has more than doubled the capacity of the plant, cut coal cost 11½% and saved 1,800 sq. ft. of floor area. This was done by scrapping four H.R.T. stand-by boilers, transferring a comparatively new boiler to stand-by service and installing a BABCOCK "Integral" Furnace Boiler to carry the load.

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Converter Co.'s

Tooke Bros.

Sales of Tooke Bros. Ltd. in the current year have continued to show the improvement evidenced since the outbreak of war.

The company manufactures shirts, collars, neckwear, underwear, etc., the consumption of which is favorably affected by increased payrolls.

Installation of new machinery last fall has made operations more efficient and it is expected that a better margin of profit on manufactured goods is expected to result.

Show Profit in 1939

In 1939 a net profit of $91 was reported, compared with a net loss of $62,493 in 1938. The company has experienced a series of unsatisfactory years. As a result, no preferred dividends have been paid since July 15, 1931. At the end of 1939 arrears amounted to $59.50 a share.

Working capital was slightly lower at the end of 1939, but inventories increased to $342,261 from $261,712. Outstanding first mortgage 7% bonds were reduced by $16,500 to $150,400.

Candn. Converters'

Canadian Converters Co. appears assured of satisfactory operations for some months to come. John M. Mackie, president, told shareholders at the annual meeting on June 21 that sales of the company for the next six months will show an increase over the corresponding period of last year. He stated that additional government orders were being received. Current operations are averaging 85% of capacity, compared with a much lower rate at the same time last year.

In the year ended April 30, sales volume improved by about 30% over the preceding year. Approximately 3% of the company's sales consisted of war orders.

Net profit in the year was the best since 1930. In the past year net totalled $62,234, against net loss of $38,222 in the 1939 fiscal year. This was equivalent to earnings of $3.59 in 1940.

No dividends have been paid on the common stock since 1937, but resumption of disbursements was forecast by the president in the company's annual report

The company's financial position improved during the past year, with net working capital increasing to $613,810 from $545,662.

Canadian Converters manufactures shirts, dresses, underwear and a wide variety of wearing apparel. In addition to a domestic market, the company exports to the West Indies and Newfoundland. Sales offices are maintained at Toronto, Montreal, and Saint John, N.B.

Woods Mfg.

Operations of Woods Mfg. Co. are on more satisfactory basis than this time a year ago. Company's cotton plants at Welland and elsewhere are working at capacity.

The company has received substantial war contracts from the Dept. of Munitions and Supply in the current year.

Marked improvement was reported in 1939. Net profit of $99,020 was shown, against a net loss of $49,952 in the preceding year. The company's earnings have shown wide fluctuation in the past several years and no dividends have been paid on the 7% preference stock since Dec. 31, 1939. At the end of 1939 arrears amounted to $63 a share.

The company manufactures a wide range of products including jute and cotton cloth bags, burlap, tents, tarpaulins, heavy clothing and other products which would appear to be essential in the equipping of an armed force.

At the shareholders' meeting in March, approval was given to an increase in directors to nine from seven. R. W. Steele succeeded the late J. W. Pyke and F. L. Mitchell, general manager, and R. M. Stott, secretary-treasurer, were added to the board of directors.

Converters

Bonds

	Rate Int. %	Maturity	Outstanding $	After Deprec. Times Int. Earn. 1939	1938
Tooke Bros.:					
1st Mtge. S.F.	7	1942	150,400	1.12	nil
Woods Manufacturing:					
1st Mtge., A	3-4	1940-47	820,000	6.79	nil
	4½	1952	360,000		

Stocks

	Outstand. $	Earned per share 1939 $	1938 $	Div. Rate $	Price Range —1939-40— High	Low	Last Price	Yield %
Canadian Converters:								
Common, par $100	1,733,500	*3.59	*d2.20	†0.30	19½	4	16¼	..
*Years ended Apr. 30, 1940 and 1939.				†Payable Aug. 15, 1940.				
Tooke Bros.:								
Pref. cum., par $100	985,000	0.01	d6.34	nil	15½	5	6	..
Common, n.p.v.	8,725 sh.	d7.89	d16.07	nil	3½	½	2	..
Woods Manufacturing:								
Pref. cum., par $100....	1,328,300	6.48	d3.27	nil	65	17¼	30	..
Common, n.p.v........	17,106 sh.	d0.47	d9.17	nil	..	..	..	..

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Week in Mining

Data Suggest 10% Rise For Base Metal Output

Revealed by Exports of "Non-Ferrous Metals And Their Products" — Individual Producer To Decide Step-up in Gold Output

While publication of statistics on current production of base metals was suspended after the war started, some indication of the present trend of output is given by statistics on exports of non-ferrous metals and their products. Total exports in this category amounted to $100.2 millions the first half of 1940 compared with $91.2 millions the first half of last year, an increase of approximately 10%.

Metals exports do not necessarily reflect production accurately but there is reason to believe that they do reflect increased output fairly well in this case. It is not customary to retain large stocks of base metals in this country; metals are usually shipped abroad as produced. If anything, the 10% increase may be conservative. As pointed out in a feature article on the opposite page there are indications that consumption of base metals at home has been increasing at a rate considerably above 10%. Included in the figures of metal exports above is aluminum, not usually classed as a Canadian base metal.

* * *

Mines Decide Policy

At the gold conference held in Ottawa last week it was decided that each gold mine should determine how much it should increase production to assist the Dominion Government in supplying foreign exchange.

It was decided that no given increase could be legislated for any one firm as conditions varied greatly from mine to mine. Some mines are already producing all the gold they possibly can, while others can still step up production appreciably. One large mining company was asked if it couldn't double its output. This question was answered in the negative. Such a step would require a tremendous stepping up of mill capacity, sinking of new shafts and much other expenditure that the known size of the mine would not warrant.

As reviewed elsewhere, attention was also paid to the danger of recruiting and conscription affecting the mines' supply of skilled labor. Assurances were given the mining industry on this point. Representations were also made to the Government for taxation relief for mines which realize little or no profit but whose production is important to the Dominion Government.

* * *

Where Taxes Hurt

Some new mines this year may have to pay "excess" profits tax although no actual profit is realized. These concerns will undoubtedly feel it unfair to be assessed on "excess" profits when they haven't got a net profit at all.

According to the new "excess" profits tax law new gold mines are taxed the higher of 12% of net profits or 75% of the excess value of production, as indicated by the difference in price between gold at $35 an ounce and $38.50 an ounce. Exemptions for corporation tax and depletion are allowed on the latter basis.

New mines that don't make a profit this year will pay on the basis of 75% of the excess value of production or around $1.25 an oz. Finding money to pay the tax may prove difficult for some struggling mines.

* * *

Equipment Held Up

Important effect on mines of the step-up in the war industries has been delayed in deliveries of mining equipment. Kerr-Addison Gold Mines, Chesterville, Powell and numerous others have experienced delays running from one to two months.

So far the delays have not been serious but mining people hope that the importance of their getting a steady flow of equipment as needed will be realized. The holding up of even small order of equipment might prevent production of many thousands of dollars worth of gold, which would provide the necessary exchange for airplane motors. The gold mines believe they are as much of a key industry as others.

* * *

Depressed Industry

A prominent mining man, asked this week if mining weren't becoming a depressed industry, replied: "No, mining is already a depressed industry." Apparently there is prosperity for producing mines but extreme depression as far as the early stages of mine development are concerned.

Just now there is practically no prospecting activity except around the Macassa find at Missanabie, near Sudbury, and a few new showings in the Yellowknife area. A few years ago there were relatively big rushes into several areas each year.

Unless there is some change in the situation, the mining man mentioned thought that mining could only be considered as now being on a salvage basis. A few years hence, the effects of a lack of prospecting now will be felt, he asserted.

The fact that there are very few developing properties at the present time is partly due to lack of funds for development but it is also partly a result of the small amount of prospecting carried out the last two seasons.

* * *

Little Encouragement

The Post informant thought that while there is a desire by Dominion Government officials to assist the mining industry, the present situation offers little real encouragement for the future.

Funds for development of mining properties in the past have been available partly because of profitable marketability of new mining issues, partly from surplus profits above dividend requirements realized by the producing mines. Finding money by the first method is now virtually non-existent while new taxation is whittling away the extra margins of profit. If new finds are made, it may be difficult to get development funds.

The situation, of course, could change overnight but at the moment the mining people feel none too hopeful. This apparently is an important factor in the depressed stock market.

Broulan Profit Is Increased

Quarterly Net Equal to 22 Cents a Share Annually

Net profit equal to 5.5 cents a share was realized by Broulan Porcupine Mines in the three months ended June 30, 1940, compared with 3.6 cents a share in the preceding three months, according to the company's quarterly report to shareholders. Earnings in each case are before Dominion and provincial taxes.

Second quarter profit is equivalent to an annual earnings rate of 22 cents a share against 14.4 cents in the first quarter of the year. Profits in both May and June were at an even higher rate as production was over $101,000 each month compared with $88,173 in April. Net profit before taxes was equal to 2 cents a share for May and 2.1 cents a share for June. On the basis of June results, earnings were at an annual rate of 25.2 cents a share.

Development during the second quarter continued to indicate additional ore at a rate estimated to be in excess of the tonnage of ore milled, it is stated. A total of 480 ft. of raising and 831 ft. of drifting was completed during the second quarter with 70% of drifting in ore. A total of 2,331 ft. of exploratory drilling and 2,737 ft. of routine drilling from stope walls was completed for mining information.

Operating Statement
Three Months Ended

	June 30 1940 $	Mar. 31 1940 $
Bullion recovery	291,577	238,559
Less: Marketing	3,353	2,598
Net production	28,224	235,961
Less: Oper. costs	122,118	119,979
Operating profit	166,106	115,982
Add: Non-oper. rev. .	372	......
Less: Deprec. & def. dev.	18,644	18,599
Net profit*	147,834	97,383
*Before federal and provincial taxes.		
Earned per Share	$0.055	$0.036
Tons Milled	26,634	26,571
Average Recovery ...	$10.95	$8.98

Jerome Ore Reserves Estimate Possible Soon

An estimate of ore reserves will be possible at Jerome Gold Mines this September following completion of the present programme of work, it is stated in the quarterly report of Mining Corp. of Canada.

Drifting is now being done to the west on the 200 and 500-ft. levels at the Jerome property. In addition, crosscuts and raises are being driven and flat diamond drill holes are being systematically drilled on all levels.

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Dome Net Off In Half Year

Profit Drops to 95 Cents a Share From $1.03 in 1939

Although production of Dome Mines showed a considerable increase in the first half of 1940, earnings showed a decline. Profits were equal to 95 cents a share compared with $1.03 a share for the first half of last year. Estimated profits are before depreciation, depletion and adjustment of surplus, and contingent reserve accounts.

The decline in profits results chiefly from an increase in the provision for taxes which was more than doubled at $776,856. The purchase of foreign exchange for the payment of dividends in U. S. funds cost $195,798. There was no charge on this account in the first half of 1939.

Production for the first six months of 1940 was valued at $3,974,237, obtained from milling 309,400 tons of ore for an average recovery of $12.84 a ton. In the first half of 1939 output was $3,625,179 from 305,700 tons, an average of $11.86 a ton. "Other income" showed an increase of more than $50,000 at $178,355.

Estimated Earnings
Six Months Ended June 30

	1940 $	1939 $
Gross production	3,974,237	3,625,179
Less: Devel., oper. & gen. expenses	1,322,091	1,325,750
Prov. for taxes	776,856	385,965
Outside explor. w/o	9,391	32,824
Operating profit	1,865,899	1,880,640
Add: Non-oper. inc. .	178,355	124,180
Less: Foreign exch. .	195,798	......
Est. net profit*	1,848,456	2,004,820

*Before depreciation, depletion and adjustment of surplus or contingent reserve accounts.

Powell Profit Off As Output Falls

Delayed Equipment Deliveries to Postpone Mill Opening to September

An operating profit of only $2,309 was realized by Powell Rouyn Gold Mines in the three months ended June 30, 1940, according to the company's quarterly report. Production was on a "substantially reduced scale," with the tonnage taken from the lower grade areas and shipped to the Noranda smelter as formerly.

Ore treated during the quarter totalled 40,517 tons averaging $4.22 a ton which produced a revenue of $170,935. Interest income was $699. Costs for the period totalled $169,325. Costs for the quarter must not be taken as indicative of a similar scale in the future, it is stated.

An analysis of costs shows that the basic costs of mining have not increased over the past year. On resumption of normal tonnage it is expected that the low costs previously obtained will again be realized.

Mill Completion Delayed

Erection of the 350-ton mill decided on last March has proceeded rapidly and at a cost within the figures estimated. Owing to large and urgent war orders placed with heavy machinery manufacturers, however, certain unavoidable delays will occur in delivery of some of the heavier equipment and will probably postpone completion of the mill for some six or eight weeks. From present indications, it should be operating toward the end of September, however.

Normetal Works On New Shaft

Shipments of Zinc Concentrates From Mine Have Been Resumed

A new shaft known as the No. 3 has been started by Normetal Mining Corp., with sinking from the surface and raising from the 800-ft. and intermediate levels being carried out. This shaft will connect with the winze from the 800-ft. to the 1,400-ft. level, completed last year.

Work has been proceeding close to schedule, it is stated, and the shaft should be completed to the 1,400-ft. level by Aug. 1 and by the first of next year to the 2,000-ft. horizon with stations cut and crosscutting well under way to open up four new levels at 150-ft. intervals below 1,400 ft. There will be practically no new development work until sinking is completed.

The mill has been operating at capacity, it is stated, and shipments of high-grade copper concentrates have been made regularly. Shipment of zinc concentrates has also been resumed. The zinc concentrates are being sold through the British Ministry of Supply, as is 80% of the company's copper output.

Production at Jason $24,026 in Fortnight

An estimated recovery of $24,026 was realized by Jason Mines in first half of July. A total of 1,782 tons of ore were milled during the period giving an average recovery of $13.48 a ton.

Besides the actual gold recovered, there was an estimated $12,915 absorption in the mill which amounted to $6.55 a ton. Mill heads averaged $20.74 a ton with tailings amounting to 71 cents.

Recovery is now stated to be running $15 to $18 a ton with tailings down to 17 cents a ton.

During the first half of July, drifting north at the first level of No. 1 shaft opened a length of 25 ft. of ore averaging $16.14 over 25 inches. Drifting south at the fourth level gave 36.5 ft. running $31.30 over 19 inches. On the third level of No. 2 shaft 50.5 ft. ran $46.33 over 19 inches.

Shaft Sinking Started At Ferro Property

Shaft sinking with power has just been started at the Ferro property of Mining Corp. of Canada, according to the company's quarterly report. Due to an unprecedented long and wet break-up period which interfered with freighting, some delay was experienced in getting delivery of machinery and equipment to the property.

McIntyre Profit Shows Increase

An increase of more than 10% in production stepped up earnings at McIntyre Porcupine Mines in the three months ended June 30, 1940. Profits equalled $1.22 a share compared with $1.18 a share in the same period last year.

Profits are after all charges including taxes, which more than doubled at $385,980 in the June quarter of this year. Operating costs showed only a minor increase of about $27,000 at $1,143,788.

Production for the three months ended June 30, 1940, amounted to $2,551,925 which compared with $2,280,068 in the same period last year.

Granby Plans For Smelter

Dividend Cut to Build Up Cash Resources—Expansion Under Way

From Our Own Correspondent

VANCOUVER.—Granby Consolidated is definitely planning for construction of a smelter so that, if the present contract with Japan is terminated, it will not be dependent on foreign plants for treatment of its concentrates.

In the report of company operations for the second quarter vice-president and general manager Adrian S. Baillie points out that Granby is building up cash resources so that the smelter project can be proceeded with at short notice. A converting plant would be built as well as a smelter.

Expending $325,000

Meanwhile the company is making good progress on other construction, involving a capital outlay of about $325,000. The concentrator has been enlarged and expansion of the power plant will be completed during the present quarter. New storage space for concentrates is also being provided.

Earnings of Granby for the second quarter amounted to $176,786, after interest, taxes, depletion, depreciation and special reserve for excess profits. This amounted to 30 cents a share. While this was ample coverage for a 25-cent dividend for the quarter, directors decided that because of the need for a reserve for building a smelter the dividend would be held down to 15 cents a share, payable Sept. 3 to stockholders of record Aug. 16.

Milling Change Over Affects Uchi Results

From Our Own Correspondent

Although tonnage of ore milled in the second quarter of 1940 showed an increase, total production of Uchi Gold Mines for the period showed a decline due to an exceptional tie-up in the mill circuit with introduction of a new system of mining.

Output for the second quarter was $276,899 from 50,717 tons of ore for an average recovery of $5.46. Average grade of ore treated, however, was actually $6.93 a ton.

Week in Oils

From Our Own Correspondent

Oil Revenue Boost

CALGARY.—Yearly revenue of Turner Valley oil producers was increased by $425,000 last week, on the basis of estimated 1940 production, when Imperial Oil Ltd. ordered a general increase of five cents per barrel in posted field prices, effective July 18. The announcement raises prices that had been in effect since June, 1938.

Apparently, however, the Aberhart Government was successful in blocking plans to increase prices by a full eight cents per barrel, as recommended by the McGillivray Royal Commission and favored by the producers and purchasers alike. For the time being at least, therefore, only five eighths of the boost predicted by The Financial Post last week goes into effect. The Government presumably does not wish to give the refiners any excuse for raising gasoline prices, or even to strengthen their hand in bucking the Government's demand for lower gasoline prices.

* * *

Matter Still Open

The matter is far from closed. The Alberta Petroleum Association, representing all branches of the industry, regards the 5-cent boost as only a "partial implementation of the McGillivray recommendations" and is expected to press "not only for a full 8-cent increase, but also an order making the increase retroactive to July, 1939, when the pipeline rate reduction which justified the price boost went into effect."

The new schedule of posted prices increases value of all gravities of crude by a flat 5 cents per barrel.

* * *

Boost Explained

Explaining the price boost, J. H. McLeod, manager of the Imperial Oil producing department, states:

"In July, 1939, the pipeline rate from Turner Valley to Calgary was reduced, by 5½ cents per barrel and the loading charge at Calgary by 2½ cents per barrel, a total of 8 cents per barrel by order of the Public Utility Commissioners. This order was based upon the pipeline report of the Royal Commission on Petroleum, presided over by the Hon. Mr. Justice A. A. McGillivray.

"In view of the fact that the posted price of Turner Valley crude oil is determined by its competitive value at Regina, where it displaces Montana crude, Imperial Oil proposed to pass on to the producer the benefit of the reduced cost of reaching the market by increasing the posted price by 8 cents per barrel.

"Concurrently with publication of the Royal Commission's report on June 14 last the Alberta Government indicated that in its opinion there was no justification for an increase in the existing price of crude oil to the extent of 8 cents per barrel which the Commissioners recommended. In line with subsequent discussions with the Government, Imperial Oil is now posting an increase of 5 cents per barrel."

Rap Oil Companies

While oil men are highly critical of the delay in implementing the McGillivray Commission recommendations, and place most of the blame on the Aberhart Government, the major oil companies are not escaping criticism.

Many producers contend that conditions have materially changed since the McGillivray Commission made its investigation. The rise in exchange rates that followed the outbreak of war last September has increased the cost of delivering Montana crude to Canadian refineries by some 11 cents per barrel. Just recently import costs were increased by a further 11 cents per barrel by the imposition of a 10% tax on all imports.

Therefore, say some producers, if Imperial Oil sets the Turner Valley crude price on its competitive value at Regina, then the price should now be near $1.50 per barrel for 43 gravity crude, or $1.25 as listed under the new price schedule.

It should be pointed out, of course, that the added costs of imports resulting from the exchange and duty factors have increased the market for Turner Valley products on the Prairies.

* * *

No "Excess" Value

The 1936-38 decline in Turner Valley crude oil and naphtha prices, resulting from the tremendous expansion of production and extension of markets, is going to save producers and investors considerable money now. This was indicated by A. K. Eaton, of the Dominion Finance Department, in a letter to the Alberta Petroleum Association.

Excess profits under the Dominion's new 75% "excess" profits tax are defined as the "excess in value of output in the tax year over the value the same output would have had at the average price prevailing during the four years preceding the tax year," so the oil industry is not hard hit by the new war tax measures.

Work At Bralorne Is Satisfactory

From Our Own Correspondent

VANCOUVER.—Work on the 20th level of Bralorne Mines is now proceeding with satisfactory results, from the Crown shaft. The 20th level is 900 ft. below the 14th, previous lowest level.

While this development proceeds from the Crown shaft, the Empire shaft, some 1,600 ft. distant from the Crown, is being deepened from the 14th to the 20th. At the end of June it was 40 ft. below the 17th level.

Some high assays were obtained in the scout drill holes which located the ore on the 20th level in advance of present development.

Unshaken Status for Gold Foreseen Despite Hitler

Views set forth in The Financial Post's recent article, "Can Hitler Ruin Gold?" are confirmed by conclusions expressed to The Post by the executive head of a prominent Canadian financial institution.

Arrived at independently of The Post article, chief conclusion of this analyst is that there appears to be a German effort to shake the confidence in gold to embarrass the British war effort. The German attack on gold is probably insincere with little possibility of success, he believes. Temporary disturbances are seen as possible, but the long-term outlook for gold is regarded as favorable.

Present Value

As to the present value of gold, the financial man says:

"At the present time, the chief purpose of gold is to finance war purchases by the British. On this account, any decision by the United States to cease purchasing gold would be a very serious blow to the British. With the present sentiment running so strongly in favor of the British cause, the U.S. is not likely to take any such action.

"The most probable action the U.S. could take, in the event of a change of policy, would be to keep a $35 price for all internal transactions and, at the same time, refuse to buy foreign gold at any price. Such an action is not likely since the economic reasons for it are obscure and are not easy to understand and, on this account, it would be difficult to justify the necessity for this action before either the Congress or the Senate.

"It would require a national economic emergency to cause the U.S. to take any drastic action with respect to gold and such economic emergency does not appear imminent at the moment.

"Since most currencies are not now on a gold basis, the only question at issue at the present time is whether or not the U.S. is likely to discontinue purchase at the present price. For the reasons stated, the United States is not likely to take such action, and, since the British are large producers of gold, they will be extremely unlikely to favor this action."

Estimate of Construction In 1939 Shows 7% Gain

Total value of construction work performed in Canada in 1939 is provisionally estimated by the Dominion Bureau of Statistics at $301,839,078, reflecting a gain of 7% over the final figure of $281,848,600 for 1938.

The estimate was calculated by expanding the partial total of 1939 work done, as shown by reports from general, trade and subcontractors up to time the preliminary report was compiled, in the same ratio as the 1938 advance total bore to the final figure. This is the first time such an estimated full total for the year has been issued, as previously no figure was issued until the final report was available about 12 months after close of the year covered.

Variations Shown

The D.B.S. provisional estimate for 1939 varies in several respects from the report issued at the close of last year by MacLean Building Reports, on the value of construction contracts awarded in 1939. The MacLean total was smaller than the D.B.S. figure, and showed a slight decrease instead of a gain. However, the D.B.S. survey covers a great deal of work not embraced by the MacLean figures, such as operations carried out directly by public bodies and a large amount of repairs and renovations.

Of the D.B.S. estimated total, about $78.6 millions covers additions, alterations and repairs, with just under $223 millions allotted to new construction. The latter figure is somewhat closer to the MacLean total of $187.1 millions for contract awards last year.

Advance Totals

The preliminary partial figures on which the D.B.S. estimate is based also show variations from the MacLean analysis. The subtotal for work in construction of buildings is considerably lower than the MacLean figure, and the D.B.S. computation for engineering work is much higher.

The D.B.S. reports that employees engaged in construction work last year totalled 72,150, of which 56,258 were wage earners and the remainder salaried employees. Salaries and wages paid amounted to $79.9 millions.

New Building

Reported by Engineering & Contract Record:

Dominion Dept. of Public Works is resuming work on the $2.5 millions postal terminal extension at Toronto, construction of which was suspended several weeks ago as a war economy measure. The structure will be used for the time being as a war materials storage building.

Quebec Dept. of Roads has started work on sections of the Montreal-Quebec south shore highway, and the Quebec portion of the Montreal-New York highway. Operations have been launched on the Trans-Island Boulevard section of the Montreal-New York road, and a contract has been let for an 18-mile stretch of highway north of the New York border.

Dept. of Munitions & Supply has awarded contract for various buildings at Halifax at cost of about $800,000.

Sun Life Assurance Co. has awarded contract for $40,000 alterations programme to office building in Hamilton.

John Bertram & Sons Ltd., Dundas, Ont., has awarded contract for four plant extensions.

Aluminum Co. of Canada has given general contract for large plant extension at Kingston, Ont.

Ford Hotels Co. has indicated its intention to go ahead with plans for $900,000 hotel unit at Ottawa.

Dominion Bridge Co. Secures Plant Job

From Our Own Correspondent

MONTREAL. — Dominion Bridge Co. has been awarded the structural steel contract for the Hamilton Bridge Co.'s new rolling mill at Hamilton. In addition, the company will supply the structural steel for new casting plant. The amount of money involved in the contract is not to be made public.

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Maritime Tel. and Tel. Setting New Records

From Our Own Correspondent

MONTREAL. — Maritime Telegraph and Telephone subscribers in Halifax and Dartmouth increased by 1,000 in number during the past 10 months, according to officials of the company.

The new July telephone directory contains some 18,000 names in the Halifax-Dartmouth exchange—more than at any time in the history of the company.

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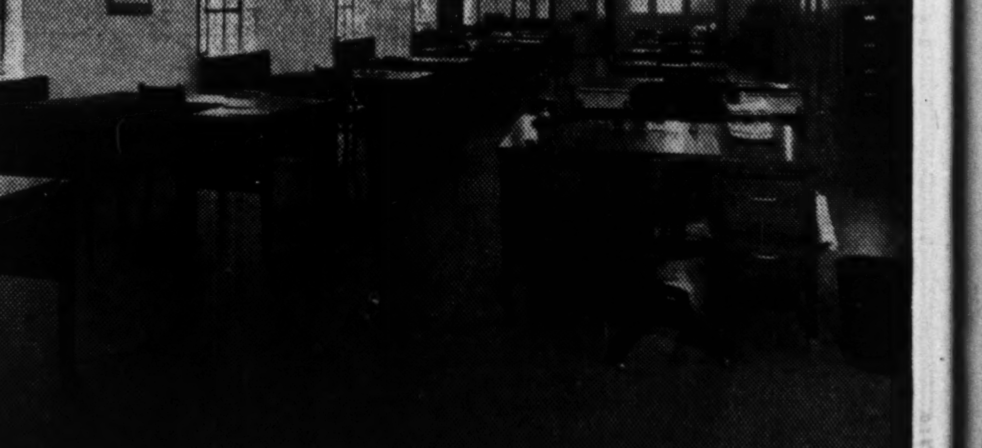

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Base Metal Mines Enlarge Capacity

Higher Output to Allow Greater War Contribution

By GORDON M. GRANT
Staff Writer, The Financial Post

Higher production of base metals in this country is now necessary to meet home requirements of Canadian industry as well as greater demands from the United Kingdom.

It is now estimated that during the next year home industry will require 30% of our copper production compared with 20% the first year of war. This indicates an increase of 50% in copper consumption due to the increasing requirements of war industries.

As a matter of fact the increase in consumption will likely be over 50%, for more copper is expected to be produced this year than last. If requirements of the British Government are to be met, an even greater output must be aimed at.

Steps are being taken by mines and smelters to increase output substantially. Signs are not lacking that Canadian base metal mines will have record outputs of all the chief base metals, copper, lead, zinc and nickel this year as the Empire's war effort is geared to maximum.

Increase Grade and Capacity

The increase in production in 1939 which resulted in new records for production of copper and zinc was achieved chiefly by a fuller utilization of existing capacity. Now, however, two other ways of increasing output are coming into play. Grade of ore treated is being increased in several instances and plant capacity is being expanded. Facilities for producing every one of the major metals either have been expanded since war broke out or are being increased at the present time.

Higher production and expanding capacity will usually mean higher profits and greater dividends but not necessarily so in wartime. Any increase in profits will be largely taken away by the excess profits tax and most companies will likely be satisfied to just maintain their position. Plant capacity will be greater, however, and this should be an advantage when and as normal times return.

Chief developments in the position of the individual mines since the outbreak of war are as follows:

International Nickel

Most important arrangements for expansion of productive capacity are being undertaken by International Nickel Co. at Sudbury. Plans call for the possible mining of 30,000 tons of ore daily—an increase of just 50% over the daily average of ore treated last year. The objective of 30,000 tons of ore daily will even then not necessarily be a maximum, it is indicated.

While a lower average grade of ore may be treated at the higher future production rate, it appears obvious that much more metal will be produced than at present. The increase in production of copper and nickel will mean a substantial increase in Canada's exportable surplus of metals, it appears likely.

Although International Nickel is international in its affiliations, the company has been co-operating with the British Government to its fullest extent. It is now refining the output of Falconbridge Nickel Mines since that company lost its refinery in Norway.

From the earnings point of view, it is of interest to note that treatment of lower average grade ore by International Nickel will be offset by the lower costs realized from open pit operation.

Consolidated Smelters

Operations at the great Sullivan mine of Consolidated Mining and Smelting Co.—the greatest lead-zinc mine in the world—are geared for a maximum output of lead and zinc. Last year the company treated the highest tonnage of ore in its history but lead output was kept down purposely by treatment of lower average grade ore. Grade of ore has undoubtedly been stepped up this year however. Capacity has been stepped up in several instances to allow an even greater output.

Considerable capital expenditures are being made by Smelters for production of new products. Smelters has begun producing mercury on an important scale and steps are being taken to double capacity of the mill placed in operation just a short while ago.

If the war should prove really long and difficult exploitation of Consolidated Smelters' base metal resources on a still larger scale is possible. The company has a number of copper mines that could be placed in production should the need arise and there are also untapped resources of lead and zinc to be exploited at some future date.

Noranda Mines

The greatest contribution of Noranda Mines this year in the way of greater metal output will come through the company's subsidiary Waite Amulet Mines which is now treating 1,000 tons of high-grade copper ore daily. Finances for the Waite Amulet mill were largely provided by Noranda. To assist the British Empire in getting a larger base metal output, Noranda is now treating concentrates from Aldermac Copper Corp., Normetal Mining Corp. and other companies so that the final copper can be recovered in this country.

Some enlargement of Noranda capacity has taken place since the outbreak of war, the chief increase being in refining capacity and the fabrication facilities of Canada Wire and Cable in which an interest is held.

The Noranda ores are flexible in character and allow a large output of either copper or gold as desired. No doubt a large output of both can be realized if the demand for an even greater step-up in metal output is experienced. The Noranda management has been active in co-operating in the war effort. Last year copper output was the greatest in the company's history and another record this year will not be surprising.

Waite Amulet

Production at Waite Amulet Mines is now treating 1,000 tons of high-grade copper ore daily. This compares with an average of only 500 tons daily up to October of last year when the new plant was placed in operation.

Like Noranda and Hudson Bay Mining and Smelting Co., the company has an important gold content in its ores—about $1.90 a ton—so output of gold as well as copper will be increased appreciably this year. It is anticipated that the company will supply a much larger quantity of copper to the British Ministry of Supply this year in view of the larger amount being produced.

Granby Consolidated

Granby Consolidated does not come within the British metal deal but markets its output in Japan where a market for concentrates exists. Output was increased from 4,000 to 4,500 tons daily not long ago and a further increase to 5,000 tons daily is anticipated this September when further electric power becomes available.

Production is being marketed in Japan as no smelting facilities exist in western Canada for copper concentrates. Anticipating that the Japanese market may be cut off, however, preliminary plans have been drawn up for erection of a smelter in this country should this prove necessary. Recently the company reduced its dividend rate for the stated purpose of conserving cash assets for smelter erection, if decided on.

Hudson Bay M. & S.

With the completion of its big new production shaft through to the 2,210-ft. level anticipated this October, it is anticipated that Hudson Bay Mining and Smelting Co. will boost its mill tonnage from the present rate of 5,000 tons daily to perhaps as much as 5,900 tons daily. This increase will follow a previous boost the latter part of last year from 4,500 to 5,000 tons. Full effect of last year's increase will be reflected in this year's output while the effect of the proposed increase late this year will likely help the setting up of a new record for metals output in 1942.

While copper and zinc are the chief products of Hudson Bay Mining and Smelting Co., gold is also important. Every step-up in production means a considerable increase in output of gold, now running nearly $3 millions annually.

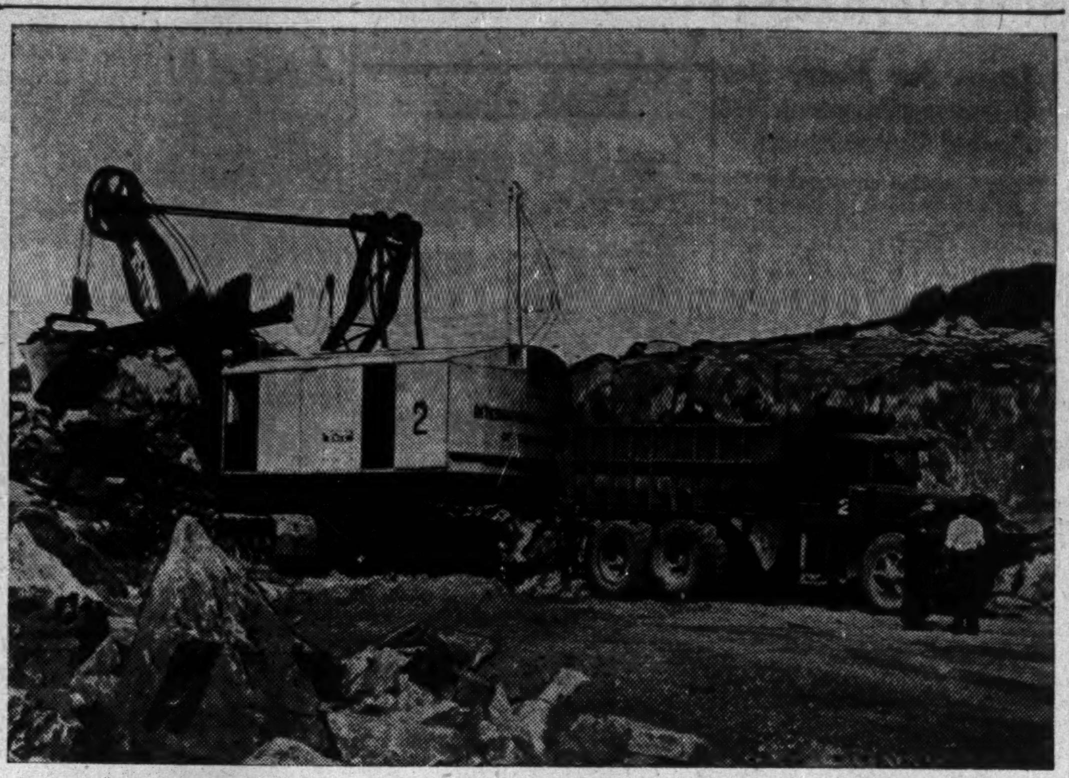
Development has not been pressed in recent years but ore disclosures at depth have been impressive. They have been a big factor in bringing about a higher milling rate. Mining has been gradually changed over from the open pit but higher grade ore underground is offsetting the tendency for costs to rise.

Other Operations

While the companies mentioned above are the chief ones that will likely participate in increasing output of copper, lead or zinc, there are other companies which appear potentially important in the base metal picture.

Development of high-grade hematite iron ore bodies is just starting at Steep Rock Iron Mines and before long Canada may be able to conserve her foreign exchange by providing her own supplies of high-grade iron. The duty of 10% on imports from non-Empire countries and the extra cost of foreign exchange are important factors working in Steep Rock's favor.

While Canada produces little commercial chromite ore, this country has an important position in the production of the chromium metal through the patented processes of Chromium Mining and Smelting Corp. Chromium is an important war metal and its production in Canada is of strategic importance.



Twenty-two-ton trucks like the one pictured above will play a large part in International Nickel Co. plans for mining as high as 30,000 tons of ore daily. Much of the increased production will be obtained from open cut or surface pit operations such as are now under way at the Frood mine. An open cut has also been started at the Stobie property. The truck shown above was specially built to meet the requirements of International Nickel Co. and can carry a load of 35 tons. While much of the ore from surface will be lower grade, it will tend to combine with ore from underground to give average production.

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Mining Concentrates

Bulolo Gold Dredging had an estimated operating profit of 6,713 oz. or $234,955 in United States dollars with gold at $35 an ounce during June. This compared with 8,664 oz. and $303,240 in the preceding month and working profit of $262,745, in Canadian dollars, in June last year. Production in June, 1940, amounted to 15,994 oz. of fine gold from 1,432,000 cu. yds. compared with 17,606 oz. from 1,567,000 cu. yds. in May and 11,819 oz. from 1,255,000 cu. yds. in June, 1939. Reconditioning of two dredges in June, 1940, necessitated their operation for only part of the month.

* * *

Cline Lake Gold Mines had an estimated operating profit of $50,476 in the three months ended June 30, 1940, before allowance for taxes, depreciation or deferred development. This compared with $55,497 the preceding three months. A decline in average grade of ore treated resulted in a reduction in production, output amounting to $151,301 from 19,445 tons in the June quarter against $169,556 from 19,503 tons in the preceding quarter. Recovery dropped from $8.69 to $7.78 a ton.

* * *

Cournor Mining Co. continued crosscutting toward the new western ore zone in its Beaufor workings in June and raising was also commenced from the 600-ft. level to open ore bodies known to occur on the 400-ft. level a considerable distance north of the shaft. Three ore intersections were obtained in the downward continuation of the 208 vein system. In the Cournor workings, a new vein was located in diamond drilling, averaging 0.24 oz. gold over 6.5 ft. June production of $51,262 was obtained from 6,063 tons of picked ore.

* * *

Hedley Mascot Gold Mines had a profit of $75,524 before write-offs in the three months ended June 30, 1940, it is reported. This compares with $68,077 in the preceding three months and brings profits for the first six months to $143,619 before write-offs compared with $130,152 the same period last year.

* * *

International Mining Corp. reacquired a further 400 shares of common stock for $1,706 in the period from June 3 to June 30. There are now 516,973 shares stated to be outstanding of which 491,173 are in the hands of the public with balance of 25,800 shares being held for cancellation.

* * *

Jodelo Gold Mines is now carrying out underground development at its property in the Porcupine area. Drifting east at the 190-ft. level is stated to have been carried 60 ft. with the vein showing a width of 6 ft. in the face. Drifting west has been carried 81 ft. Slashing is being done after each round as the vein frequently changes its direction.

* * *

Little Long Lac Gold Mines has declared an interim dividend of 10 cents a share payable Aug. 20 to shareholders of record Aug. 5. A dividend of similar amount was paid on April 29.

* * *

Lake Shore Mines reports an increase in production for the June quarter compared with the preceding three months as follows:

Quarter ended:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June 30, 1940	167,872	1,845	18.00	3,022,379
Mar. 31, 1940	177,728	1,953	16.79	2,984,480

* * *

Naybob Gold Mines reports a slightly lower production for June than was obtained in May:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	4,520	150	10.73	48,510
May	4,350	140	11.87	51,655

* * *

Ontario Nickel Corp. is stated to have interested New York smelting interests in providing funds for the development of the former Cuniptau property in Strathy twp., Ontario. Value in platinum metals are stated to have been responsible for interesting the New York people. The property has been developed by a shaft to 225 ft. with about 1,000 ft. of lateral work completed on three levels. There is stated to be in sight 256,000 tons of ore grading 2% combined nickel and copper, plus precious metal content.

* * *

MacLeod-Cockshutt Gold Mines has encountered an ore shoot in the exploratory drive to the west at the 500-ft. level containing an estimated 850 tons or ore per vertical foot with an average cut grade of $10 a ton, taking gold at $35 an ounce. The new ore is stated to be indicated by a series of flat holes extending over 400 ft. and is still open; the last hole to the west returned 39.7 ft. averaging $6.20 a ton. Production in the June quarter was higher at $506,121 from 59,648 tons of ore compared with $503,259 from 59,131 tons the preceding quarter.

* * *

Privateer Mine had a slightly lower monthly production in June as shown below:

1940:	Tons milled	Tons daily	Recov. per ton* $	Total recov.* $
June	2,639	88	32.23	85,065
May	2,528	82	34.06	86,100

*Gold at $35.

* * *

Sullivan Consolidated Mines will extend its shaft from the 550-ft. horizon to 1,100 ft., it is stated, with preliminary raising already under way. About $15,000 is being expended on new surface buildings.

* * *

Wright-Hargreaves Mines has declared its regular quarterly dividend of 10 centts a share plus an extra dividend of 5 cents a share, both payable Oct. 1, 1940 to shareholders of record Aug. 22.

Mining Enquiries

Pickle Crow

What is the latest information on the Pickle Crow situation?

The new budget brought down by Finance Minister Ralston may reduce somewhat the amount of profits available for dividends to shareholders of Pickle Crow Gold Mines. On the basis of earnings last year, the per share profit under the new tax set-up would amount to 46 cents a share compared with the actual profit after taxes of 52 cents a share last year. However, the company is securing additional revenue this year through the higher price for gold and profits after taxes may not be much out of line with those for last year.

At the end of last year, ore reserves were estimated at sufficient for four years' operations which represented a gain of one year over the reserve reported a year previous. This reserve represents ore above the 1950-ft. or bottom level. Weakness in the market for Pickle Crow stock some time ago was attributed to the decline in grade of ore found in exploration at the lower levels. Grade of ore on the bottom level at 1950 ft., for instance, has only been $12.25 a ton compared with an average of over $22 a ton from the 1350-ft. level upwards. However, there has been no weakening in the vein at depth and a still lower horizon may reveal a better grade of ore.

Exploration of the Albany River zone to the north is being carried out at the 750-ft. horizon and it is possible that an important source of ore will be developed in this locality. With more power available, work has been resumed at the Albany River property where some interesting results are now being obtained. Pickle Crow has a 56% interest in Albany River and will profit should this company be successful.

Kirkland Lake

How is Kirkland Lake Gold Mining Co. doing at the present time?

With Kirkland Lake Gold Mining Company now feeling the full effect of its increase in mill capacity this year, earnings would ordinarily be expected to show a sharp increase from the 14.6 cents per share reported for 1939 even though costs are somewhat higher. It is possible, however, that the excess profits tax will take away a considerable proportion of the increased profit so that full year profits may not vary much from 1939 results. The higher price of gold, of course, is proving of value to the company.

Ore reserves at the end of 1939 showed an increase of close to 10% in total value and on the present milling basis reserves are sufficient for something over 1½ years milling requirements. It must be remembered, however, that there is much ore available which cannot be calculated due to the lenticular nature of many of the veins. This is particularly true of lower grade sections that the company is now commencing to mine.

The latest increase in mill capacity was designed to allow treatment of material that would ordinarily be considered marginal and which is not included in reserves at all. The higher price of gold makes this material much more valuable now.

Evidence of the high earnings rate realized is given by the increasing amount of money paid out in dividends. Last March the company raised its annual dividend rate from eight to ten cents a share by declaration of a semi-annual dividend of five cents a share. Early this month the company declared an extra dividend of one cent a share payable along with the semi-annual dividend on Nov. 1, 1940.

Reno Gold

What is the present position of Reno Gold Mines? Can you tell me how much working capital the company has?

The bringing into production of Central Zebellos Gold Mines by Reno Gold Mines last February improved the outlook for the latter company considerably. Reno is entitled to 40% of the operating profits of Central Zebellos.

Recent work on the Central Zebellos property shows a continuation of good ore results.

When ore at the Reno Mine became exhausted last year, milling operations were suspended on March 15. Further development revealed new ore, however, so milling was resumed on October 10 and has been carried on continuously since.

Exploration of possible new ore sources is being carried on aggressively; the company's future is largely linked with the success attending work now under way.

Stuart Profits Sharply Higher

Up Almost Four Times —Outlook Good, New Outlets Expected

D. A. Stuart Oil Co., specializing in friction lubricants, reports net profit almost four times as high as in year ended May 31, last, as compared with the previous 12 months. Sales were maintained at a considerably higher level during the year, according to Harold A. Green, president.

New outlets for the company's products are expected in the future as a result of war demand, continues Mr. Green. New developments in fast cutting and grinding machines have increased demand for some of the more recently improved products. Rapid acceleration in mass production of airplanes, guns, shells and all types of mechanized army equipment, it is anticipated, will require the highest type of fast cutting oil, for which the company is prepared.

William H. Oldacre, general manager, reports considerable attention has been given to sales reorganization. A special man is delegated to liaison work between machine tool manufacturers and the company's sales force. This has resulted in increasing the number of recommendations from machine tool manufacturers.

Due to the armament programme, the engineering force has been kept very busy in outside demonstration and test work, continues Mr. Oldacre. Munitions manufacture in most cases means new problems for the metal working plants, and company engineers have been in demand for experimental work.

Increase Is Recorded In Workers on Strike

Extent and effect of labor trouble in Canada showed some abatement in June in comparison with the preceding month, but Department of Labor figures on strikes and time loss were still substantially greater than for June, 1939. While the number of strikes was the same in June as in the same month last year, the total of strikers was three times as great and volume of time loss was four and a half times longer.

	1940 June	1939 June	1940 May
No. of strikes	14	14	22
No. of strikers	7,154	2,355	8,565
Time loss*	38,937	8,616	51,997

*Man-working days.

Young-Davidson Profit Higher For Quarter

Higher profits were realized by Young-Davidson Mines in the second quarter of 1940 with operating earnings amounting to $143,999 more than double the $66,447 reported for the first quarter of the year.

Operating profit for the first six months of 1940 amounted to $210,446 compared with $208,040 the same period of 1939.

Production for the three months ended June 30, 1940, amounted to $413,899 from 93,711 tons of ore milled, an average recovery of $4.42 a ton. An average of 1,030 tons daily was handled during the period.

Base Metals Operates Mill at Capacity

Milling operations are being carried on at capacity at the property of Base Metals Mining Corp., the quarterly report of Mining Corp. of Canada reveals.

High-grade lead and zinc concentrates are being made. So far the grade of ore is stated to have held up well, but tonnage has been erratic due to the replacement type of ore occurrences. Whether the total tonnages will equal that estimated from the original development is something that cannot be accurately reported at this time, it is stated.

Privateer Cuts Dividend Rate

Earnings Hold But Officials Find Other Needs For Funds

A reduction in the quarterly dividend from the previous rate of 5 cents a share to 3 cents a share has been authorized by directors of Privateer Mines, according to statement of President D. S. Tait.

The change in the dividend rate is stated not to be due to any decrease in earnings but arises from the desire to build up working capital; to allow provision for increased wartime taxation and to provide adequate funds for development of the Proserpine property if the option is approved by the company's engineers.

Development Favorable

Production at the Privateer mine continues at the same high rate, Mr. Tait states, with recent favorable ore developments at the property promising a continuation of this present high production rate.

The effect of the "excess" profits tax as it relates to Privateer is now clear, as the company is exempt from Dominion income tax for the year 1940, and the "excess" profits tax is 12% of net earnings which will be the only Dominion taxation for this year.

Hudson Bay Mining Get 5% Pay Raise

From Our Own Correspondent

WINNIPEG.—A temporary increase of 5% in pay for employees has just been announced by Hudson Bay Mining and Smelting Co. This increase in pay is to assist the company's men in paying taxes and other wartime expenses, it is stated.

As the company has a payroll of $2 millions, the increase in wages will involve an outlay of approximately $100,000 annually. An average of 731 men were on the payroll last year.

New Ore Found At Gold Belt

From Our Own Correspondent

VANCOUVER.—Import new ore bodies have been developed at the north end of the Gold Belt property in the Sheep Creek district, Robert Livermore, vice-president, told the annual meeting in Vancouver.

Mr. Livermore, consulting engineer and an executive of North American Mines of Boston, financial sponsors of Gold Belt, made a personal examination of the property last month. He said that the ore at the north end would soon replace ore from the south, which might be exhausted in a few months.

"On the whole," said Mr. Livermore, "the future of the mine looks more promising than at any time in the past. While it is too early to say that the ore reserve position is definitely established, the crucial point of finding ore in the north end to take the place of diminishing ore in the south, seems to have passed, and the proved existence of good ore in the north veins, up to now doubtful, opens up a new and attractive picture of future development."

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Life Insurance

Obstacle to Group Policy Sales

Fear Insurance Plan For Jobless Will Cut Life Coverage Sales

General effect of the unemployment insurance plan proposed by the Dominion Government will be to reduce immediate sales of other classes of insurance among employees of Canadian industries on a group basis, according to views expressed this week to The Financial Post. These other classes include group life insurance, group accident and sickness insurance and group pension plans. Eventually, however, it is probable sales will be stimulated by the extension of Canada's social insurance programme.

These schemes in most instances depend on payments each week by both employees and employers on a co-operative basis. The new unemployment insurance bill adds a new compulsory charge on both employees and employer over a national range. Many people seem to think it will be met by money formerly allotted to the other insurance plans.

"You can take only a certain amount out of the individual's pay envelope," one insurance man told The Financial Post. "If you deduct for unemployment insurance, you must take away less for group insurance or group pensions. Take the man who is getting just under $38.50 a week, the highest income covered by the unemployment insurance plan. His contribution at 36 cents a week will amount to $18.72 a year.

"Then take the employer. While in the higher wage brackets, his payments for unemployment insurance are less than the employee's, they are still substantial. In the case of the man getting $38.50 a week the employer will contribute 27 cents a week or $14.04 a year. He too will probably feel that this money or a part of it at least will have to be found in the contributions he is now making to the welfare of his employees through group life insurance and other similar plans."

On the other hand, some feel that unemployment insurance is no reason for either employer or employee reducing his expenditures on group or individual insurance.

Those who take this view argue that unemployment insurance is only one of several types of insurance, each one of which is complementary to the others. All are necessary if the individual is to be fully protected.

There are four kinds of fear besetting the human race, they claim, which can be relieved by insurance. These are the fear that death will mean hardship to one's dependents, fear of disability produced by accident or disease, fear of old age and of unemployment.

In many instances industry, in co-operation with its employees has done much to provide protection against the first three. Group life insurance provides a measure of protection for one's dependents in case of death; group accident and sickness against disability caused by accident and disease and group pensions against old age. Unemployment insurance, it is stated, rounds out the complete coverage.

It is also claimed that the contribution industry will now have to make toward unemployment insurance will help to break down the opposition many employers have had to compulsory schemes. Some, it is stated, have hesitated to ask their employees to contribute to insurance plans. Now the door is opened. These employers will be ready to ask their employees to contribute to other insurance plans.

People taking this view also argue that unemployment insurance once it gets underway will make people generally more conscious of the value of group insurance schemes and thereby increase the demand.

The argument that many people will contribute to unemployment insurance who will never draw a cent from it, is met by stating that this is the whole idea of insurance, that the needs of the few should be spread over the many.

Eventually, however, argument comes back to how much can the individual spare from his pay envelope for insurance schemes generally. The lower the income the less surplus often exists. The point of interest is how this surplus can best be applied.

The
WAWANESA
Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton.
2,000 Agents Across Canada

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The
SAVINGS
FEATURE
in
FIRE INSURANCE
An Integral part of the best mutual Tradition ...
Protection is the primary purpose of fire insurance.
Yet, allowing that full protection has been provided, it is still left within the power of fire insurance to "save" in the interests of the policyholder.
This double purpose is admirably served by the Northwestern Mutual plan. The same careful, prudent management that through 39 years has built the Company to its present strong financial position earns for the policyholder liberal annual dividends—the "plus" feature of Northwestern insurance.
APPLICATIONS FOR AGENCIES INVITED
NORTHWESTERN MUTUAL FIRE ASSOCIATION
Toronto, Hamilton, Ottawa, Halifax, St. John, Quebec City, Montreal, Moncton, Winnipeg, Saskatoon, Edmonton, Calgary, Penticton, Victoria, Nanaimo, Vancouver.

Life Insurance Notes

The Executive Council of the City of Montreal has retained M. G. Le Marchant, a Montreal insurance adviser and broker, to study and report on the city's insurance problems. Each year the city spends several hundred thousands of dollars on insurance premiums and it is felt that important economies and improvements in coverage can be secured through re-examination of the whole problem.

* * *

The Occidental Life Insurance Co., with head office in Canada at London, Ont., reports total business in force in the United States and elsewhere at $500 millions on June 30. The gain in the first six months of the year was $15 millions. At the end of 1935 entire business in force was $210 millions. The company operates in Canada under Dominion license.

Fire Insurance

Some Adjusters Said To Be Lax

Evidence of Much Carelessness Says Ontario Fire Marshal

The need of all fire insurance adjusters and companies obtaining adequate proof of loss in claims is stressed in a recent bulletin issued by W. J. Scott, Ontario Fire Marshal.

In quite a number of fires investigated recently in Ontario, there has been evidence of much carelessness on the part of adjusters handling the claim, and by companies who accepted incomplete proof of loss.

This, it is said, usually arises through the adjusters neglecting to have the detailed list of the goods destroyed or damaged marked as legal exhibits to the proof of loss. This negligence the Fire Marshal says is sometimes a bar to the successful criminal prosecution and may also prevent the insurance company from defending a fraudulent claim.

Removed Before Fire

In a recent case, it appears, it was found that the claimant had given the insurance adjuster a handwritten list with the values totalling a certain sum. Payment was made for a slightly smaller sum. But no list was attached to the proof of loss and marked as an exhibit giving the particulars of how this was made up.

In an investigation by the Fire Marshal, certain goods which had been removed from the premises prior to the fire were found on the original hand written list supplied by the insured individual and tacitly represented to have been destroyed in the fire. While the list was inaccurate yet, as it was not part of the proof of loss and the amounts claimed differed from those actually paid, the finding of the goods removed before the fire was valueless as far as enabling a charge of arson to be laid or action being taken to show an attempt to defraud the insurance company.

Through Five Fires

In another case, it was found that a certain set of glassware had been through five fires and apparently five companies had paid for damage to it in the different fires. Yet because of carelessness by the adjusters in listing the goods destroyed and those partially damaged no action to recover moneys paid on the losses was possible.

The Ontario Superintendent of Insurance in co-operation with the Fire Marshal and a committee from the farm mutual companies has recently issued a model proof of loss form for use among the farm mutual companies in Ontario. Instructions are also given in detail as to how a proof of loss should be taken. The form is so drawn up, it is stated that it could be used with advantage by many licensed adjusters and other companies.

Insurance Institute Elects New Officers

At the annual meeting of the Insurace Institute of Toronto, officers were elected for the coming year as follows:

President, John B. Alexander, Canadian Surety Co.

Vice-presidents, R. J. Bastedo, London Guarantee & Accident; W. H. Buscombe, Shaw & Begg; John Fanning, Employers' Liability.

Life Sales Up In Half Year

Gains in Earlier Months of 1940 Offset By Later Decline

While life insurance sales in June were down about 11% from a year ago, gains recorded in the earlier months were sufficient to more than offset the decrease. The result is that total sales for the first half of 1940 at $188.3 millions are about 6% above the same period in 1939.

The decline in June is attributed to a number of factors. These include the fall of France, which upset business sentiment generally; the new taxes announced in the Dominion budget.

Increases over last year were shown in only two provinces, Prince Edward Island (up 23.6%) and Saskatchewan (up 8.7%). The greatest decrease was shown in Manitoba where sales fell by over 28%.

The figures are compiled by the Life Insurance Sales Research Bureau and released by the Canadian Life Insurance Officers Association. They represent sales of 18 companies having 84% of the business in force in Canada and Newfoundland.

Life Insurance Sales in Canada and Nfld.

	June 1940	June 1939	Change
	—000's of $—		%
Alberta	1,244	1,351	—7.9
British Columbia	2,238	2,523	—11.2
Manitoba	1,421	1,995	—28.7
New Brunswick	746	752	—0.8
Nova Scotia	1,174	1,189	—1.2
Ontario	12,265	13,821	—11.3
Prince Ed. Island	207	158	+23.6
Quebec	7,907	9,145	—13.5
Saskatchewan	1,031	941	+8.7
Newfoundland	297	351	—15.3
Total	28,530	32,226	11.4

Sales by Months, 1937-1940 (000's of $)

Jan.	27,789	31,287	28,767	33,726
Feb.	30,619	31,796	29,202	31,820
Mar.	32,322	33,461	31,710	30,265
Apr.	32,562	30,612	26,357	32,248
May	31,916	31,016	30,123	31,779
June	37,908	35,660	32,226	28,530
July	32,040	30,635	32,244	....
Aug.	28,411	28,446	28,558	....
Sept.	27,730	27,928	37,117	....
Oct.	33,416	32,372	34,677	....
Nov.	38,020	37,167	36,062	....
Dec.	37,125	36,475	36,692	....

Life Insurance At Work

A young man aged 27 living in an Ontario town took out $3,500 life insurance payable to his wife. It was all he could afford. By paying a little extra premium he added a double indemnity clause to the policy, providing that in event of death from accident his widow would receive twice the face value of the contract.

The following summer the young man, his wife and his father were out in a yacht on a northern lake. A sudden squall struck the boat and upset it. Both men were strong swimmers. The young husband tied a lifebelt about his wife and then he and his father struck out for the shore. But the sea was too strong and they never reached it.

The wife, however, was picked up. Her husband's insurance, with the double indemnity raising the total payment to $7,000, enabled her to pay all expenses and fit herself for an office position. She is earning a comfortable salary with a little nest egg for the future.

New Annuities Liable For Income Tax

Under the new income tax regulations, there will be no exemption allowed on Dominion Government annuities and like annuities sold by provincial governments and insurance companies issued after June 24.

Formerly these annuities were exempt up to $1,200 a year and this exemption will be continued on all contracts issued prior to the date of the budget. They will be subject to the national defense tax however.

The new regulations, however, provide that exemption from income tax up to $300 annually will be allowed on money paid in the purchase of an annuity.

Fire Insurance Notes

The Phoenix Assurance Co. of London and associated companies in 1939 showed total net premiums in Canada of $2.5 millions, up $68,000 from 1938. The net loss ratio for the group dropped to 40.06% from 48.06%. The company is licensed to write practically all lines of insurance in Canada.

* * *

W. G. Wilson, who for some time has been manager of the fire insurance department of the Prudential Assurance Co. of London for Canada, has been appointed manager of the casualty department also. He will now supervise all activities of the company in Canada with the exception of life insurance.

Fire Insurance and Allied Lines
AGENCY INQUIRIES INVITED
NATIONAL RETAILERS
MUTUAL INSURANCE COMPANY

Banking

Canadian Banks Finance War Industry

Loans Are Mostly For Operating Purposes, Not Capital Expenditures

While Canadian chartered banks are anxious to do their part in financing Canada's war effort, in some cases it appears they have not been called on to do as much as they had expected. Especially is this understood to be the case as regards buildings being erected to carry on war work and machinery bought to make munitions and war equipment. Some borrowing for this account has been done, it is understood, but the amount seems to be relatively small.

Difficulty in ascertaining the exact amount lies in the fact that some manufacturers, borrowing from the bank to finance the erection of an extra building or the installation of new machinery, if their general security is ample, may not be called on to disclose to the bank the exact purpose of the operation being financed. Hence the bank may not always know whether the loan it makes is being used for war purposes or not.

In other cases, companies with large cash resources are doing their own financing.

In most instances, however, money for these purposes is required for only a short time.

Financed by Ottawa

Under the terms of most government contracts, buildings and machinery for war work in the long run are financed by the Government. The manufacturer has only to find finances to carry on the operation until he gets his cheque from Ottawa.

Earlier in the war many contracts provided that the manufacturer agreeing to supply the Government with military supplies be allowed to amortize over the time of the first contract the cost of any machinery he might install or buildings he might erect. Under this plan the contractor did his own financing, either using his own funds or by borrowing from the banks. In many cases the companies had sufficient funds of their own.

The final cost to the Government, it is understood, was loaded with interest charges either to the contractor or to the bank until the amount was written off. There were also probably book charges on behalf of the contractor.

A More Economical Plan

Later it was decided that it would be more economical from the Government's point of view if the Government would pay the contractor outright for the buildings or machinery involved and take title to them accordingly.

In such cases, it appears, the contractor pays for the machinery or the erection of the building concerned and sends his invoices to the Department of Munitions and Supply. The department then arranges for these invoice amounts to be paid immediately to the contractor. It is understood that the great majority of cases where machinery or buildings have been required have been handled this way.

Accordingly it appears that even in cases where the banks are asked to finance, the loan is required for a relatively short period, between the time the contractor pays for the building or machinery and the time he is reimbursed by the Government. The latter in turn, while it may have to pay interest for a short time on the bank loan, does not have to pay any extra financing costs in the price for the finished products.

The banks, however, are being asked to do considerable financing for firms in buying their raw materials and paying their wages until they get paid in turn by the Government for the finished product. The loans for these purposes in the aggregate are understood to be substantial.

It would appear most of the financing done by the banks in war industries is for actual operations not for capital expenditures to erect buildings or install machinery.

Bank Chat

Several Canadian chartered banks are stressing in advertising the services they can render the nation and the individual in their war efforts.

The Bank of Toronto, for instance, is emphasizing the help it can give to the successful prosecution of the war by providing loans to finance war industries. In this way the supply of munitions and materials is facilitated.

The Bank of Montreal emphasizes the help it can give the average citizen in meeting his income tax. By opening a special savings account just for income tax purposes and making a regular deposit each week or month, enough will be accumulated to pay the full tax next April without difficulty.

Others again are stressing the help the banks can give and have given to particular industries such as mining.

* * *

In the month ended July 13 two branches of Canadian chartered banks were opened and two closed. The two opened were both branches of the Imperial Bank, one a sub-branch at McKenzie Island, Ont., and the other at West Vancouver, B.C.

The branches closed were both sub-branches, one of the Canadian Bank of Commerce at Baden, Ont., and the other of the Provincial Bank at St. Eloi, Que.

The number of branch banks in Canada remains unchanged at 3,316.

* * *

Because she did not have much faith in banks, a 68-year-old widow in Toronto is minus her life savings of $2,500.

For some years she has carried the money in a stocking tied around her waist.

Last week two men entered her bedroom, struck her over the head and took away the stocking containing the money.

Except for cashing a monthly pension cheque she has had nothing to do with banks since her husband died eight years ago, she said.

Weekly Bank Clearings

	1940 July 18 $	Year Ago Change %	1940 July 11 $
Halifax	3,063,973	+16.4	3,248,663
Saint John	2,120,514	+11.2	1,971,420
Moncton	912,952	+15.9	1,047,835
Sherbrooke	991,773	+35.2	811,659
Quebec	4,883,431	+7.8	5,052,470
Montreal	93,510,083	—9.2	94,279,698
Ottawa	18,988,329	+42.9	40,490,404
Kingston	683,428	+16.5	727,340
Peterborough	635,754	+2.3	655,470
Toronto	102,119,660	—0.8	87,869,114
Hamilton	5,595,746	—17.7	5,325,795
Kitchener	1,052,597	+4.7	1,071,302
Brantford	828,197	+2.8	1,052,841
London	2,497,876	+9.7	2,602,594
Chatham	686,251	+26.4	608,800
Windsor	2,823,293	+6.6	2,442,193
Sarnia	474,939	—9.7	508,529
Sudbury	924,709	+4.5	1,081,363
Fort William	843,698	+18.7	874,540
Winnipeg	31,825,404	+6.4	43,659,230
Brandon	340,823	+0.2	398,569
Regina	3,775,362	+16.4	4,071,081
Moose Jaw	575,642	—6.3	520,088
Saskatoon	1,199,910	—0.3	1,400,650
Prince Albert	325,978	—15.4	331,111
Edmonton	3,792,937	+0.7	4,158,601
Calgary	4,313,509	—1.2	4,700,170
Lethbridge	426,358	—12.1	449,639
Medicine Hat	207,402	—17.9	212,867
N. W'minster	650,768	+13.4	740,594
Vancouver	16,947,277	+0.5	15,960,555
Victoria	1,838,667	+4.1	1,806,151

Obituaries

J. C. Jamieson, director and secretary-treasurer, Pure Gold Manufacturing Co. director Willards Chocolates Ltd., and secretary-treasurer Blue Ribbon Manufacturing Co., aged 71 at Toronto.

Mr. Justice Nicol Jeffrey, retired justice of the Supreme Court of Ontario, aged 69, at Toronto.

Frederick Burnett, formerly proprietor of the Economical Gas Apparatus Construction Co. and former director of Dome Mines Ltd., aged 69, at Toronto.

E. V. Knowlton, New York buyer for the Robert Simpson Co., aged 43, at Toronto.

R. W. Higginbottom, manufacturers' agent, representing Canadian furniture manufacturers, aged 79, at Toronto.

R. B. Holden, stock broker, of Toronto and Montreal, aged 68, at Barrie, Ont.

Mackenzie Air Service Sells Block of Stock

From Our Own Correspondent

MONTREAL. — Mackenzie Air Service has notified the Montreal Curb Market that during June the company disposed of 25,000 shares of capital stock to Mrs. William H. Phillips and William F. Van Buskirk, in trust with the North East Coast Automobile & Aviation Co., Newcastle, England. As a result of this transaction the company now has outstanding 325,376 shares of a total authorized issue of 500,000 shares.

Anglo-Norwegians Defer Dividend Action

From Our Own Correspondent

MONTREAL.—Because of the international situation, directors of Anglo-Norwegian Holdings have decided, for the time being, to postpone further payments of dividends on the 7% preferred stock. Deferment of the dividend to June 30 increases arrears to $17.50 a share. The last payment was $3.50 on December 31.

Staff Changes

The Royal Bank of Canada announces the following staff changes:

W. R. BROWN, manager Shawinigan Falls, Que., to be manager Saint John, North End, N.B.

H. B. FAIRBAIRN, manager Neudorf, Sask., to be manager Vanguard, Sask.

J. W. FOWLIE, manager Rapid City, Man., to be manager Roblin, Man.

R. HALLIDAY, manager Roblin, Man., to be manager Shoal Lake, Man.

H. LAWRENCE, manager Orangeville, Ont., to be manager Niagara Falls, Ont.

D. F. RANKINE, manager Shoal Lake, Man., to be manager Manitou, Man.

L. J. G. DEVAUX, Basse Terre, Guadeloupe, retires on pension.

H. E. GIRVAN, Saint John, North End, N.B., retires on pension.

C. P. OLD, Manitou, Man., retires on pension.

The Canadian Bank of Commerce announces the following staff changes:

A. A. PECKNOLD, accountant at Sherbrooke, Que., to be manager Westmount, Que.

M. G. LeMARCHANT
formerly associated for 17 years with Irish & Maulson Ltd., Montreal
wishes to announce that he is now carrying on the business of
INSURANCE ADVISER and BROKER at
235 St. James Street West, Montreal
MA. 9321

Bank of Canada Deposits Down

Redemption of Short Term Issues Reduces Government Deposits

Deposits of the Dominion Government with the Bank of Canada are shown at $12 millions in the bank's statement for the week ended July 17. This is $29 millions lower than in the previous week and probably reflects in part redemption of short term government issues. Holdings of these by the Bank of Canada in the same week declined about $43 millions.

Deposits by the chartered banks with the Bank of Canada fell over $21 millions to $187.9 millions. Other deposits, including those of other central banks, increased $2 millions to $11.8 millions.

The reduction in chartered bank deposits probably reflected withdrawals by the public from the chartered banks which reduced their reserves with the Bank of Canada accordingly.

Balance Sheet

Liabilities	July 17 1940 $	July 10 1940 $
Capital paid-up	5,000,000	5,000,000
Notes in circ.	286,593,187	284,680,463
Rest fund	2,449,757	2,449,756
Depos. Dominion	12,306,896	41,902,479
Bank	187,964,002	209,146,329
Other	11,862,459	8,956,663
Total deposits	212,133,357	260,005,471
All other liabs.	4,994,177	4,972,162
Total liabs.	511,170,478	557,107,852
Assets		
Reserve:		
In sterling & U. S.	3,025,016	5,504,965
Subsidiary coin	172,917	232,061
Advances	3,500,000	3,500,000
Investments:		
Dom. Govt. short	377,644,186	420,413,366
Other Dom. Govt.	121,274,265	120,359,847
Total invest.	498,918,451	540,773,213
Premises	1,716,130	1,717,188
All other assets	3,837,963	5,380,427
	511,170,478	557,107,852

See Slight Chance For Alberta Bank

Committee at Ottawa Cool to Proposal For Provincial Institution

From Our Own Correspondent

OTTAWA.—Though the Parliamentary Committee on Banking and Commerce is probing deeply into the financial position of the Province of Alberta, prospect of present legislative action on Alberta's application for a bank charter are regarded here as light.

Some western members of Parliament favor giving the charter to permit a test of the banking theories of the Social Credit Government as far as existing bank law provides.

But the majority opinion appears to be that concessions asked by sponsors of the Alberta application cannot be granted; and that in general the granting of a public-owned bank charter to a province would endanger the central control of banking policy that is even more important in time of war than in peace.

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One of the World's Great Life Insurance Institutions.
Renowned for Strength, Service and Security
Since 1871.

GLENORA REMAINS CLOSED

No operations were carried on at the property of Glenora Gold Mines in the fiscal year ended Jan. 31, 1940, but plant and buildings have been kept in good condition. As at Jan. 31, 1940, there was $7,269 cash on hand, $18,547 book value of investments and $1,827 of materials and supplies. Current liabilities were $20.

Banking Service
1817-1940
BANK of NEW SOUTH WALES
Head Office: Sydney, Australia
General Manager: SIR ALFRED DAVIDSON, K.B.E.
Assets of £130 millions.
Over 900 branches in Australia, New Zealand & Pacific Islands.
London Offices at 29 Threadneedle St., E.C.2, and at 47 Berkeley Square, W.1.
Agency arrangements with Banks throughout Canada.

NORTH AMERICAN LIFE
ESTABLISHED 1881 · A MUTUAL COMPANY
Head Office: TORONTO, CANADA
"Assure your future"
ALL PROFITS FOR POLICYHOLDERS

IN PEACE — IN WAR

Banks FACILITATE THE NATION'S BUSINESS
TO MEET the needs of a nation in arms, to fulfil their function as financial servants of the public, Canada's banks stand well equipped and ready.
With ample funds available, they are prepared, as in peace time, to provide money required for vital business needs.
With a trained and skilled staff, they are ready to offer practical help in handling transactions rendered more complicated by Foreign Exchange Control and other "war regulations".
To further the present plans of the Government, Canada's banks are glad to act as voluntary sales agents for War Savings Certificates and Stamps.
A flexible banking system, geared to meet new problems as they arise, is a national asset in times of stress. Banks facilitate the nation's business.
THE ROYAL BANK OF CANADA
Buy War Savings Certificates every month. The more you buy — the more you save.